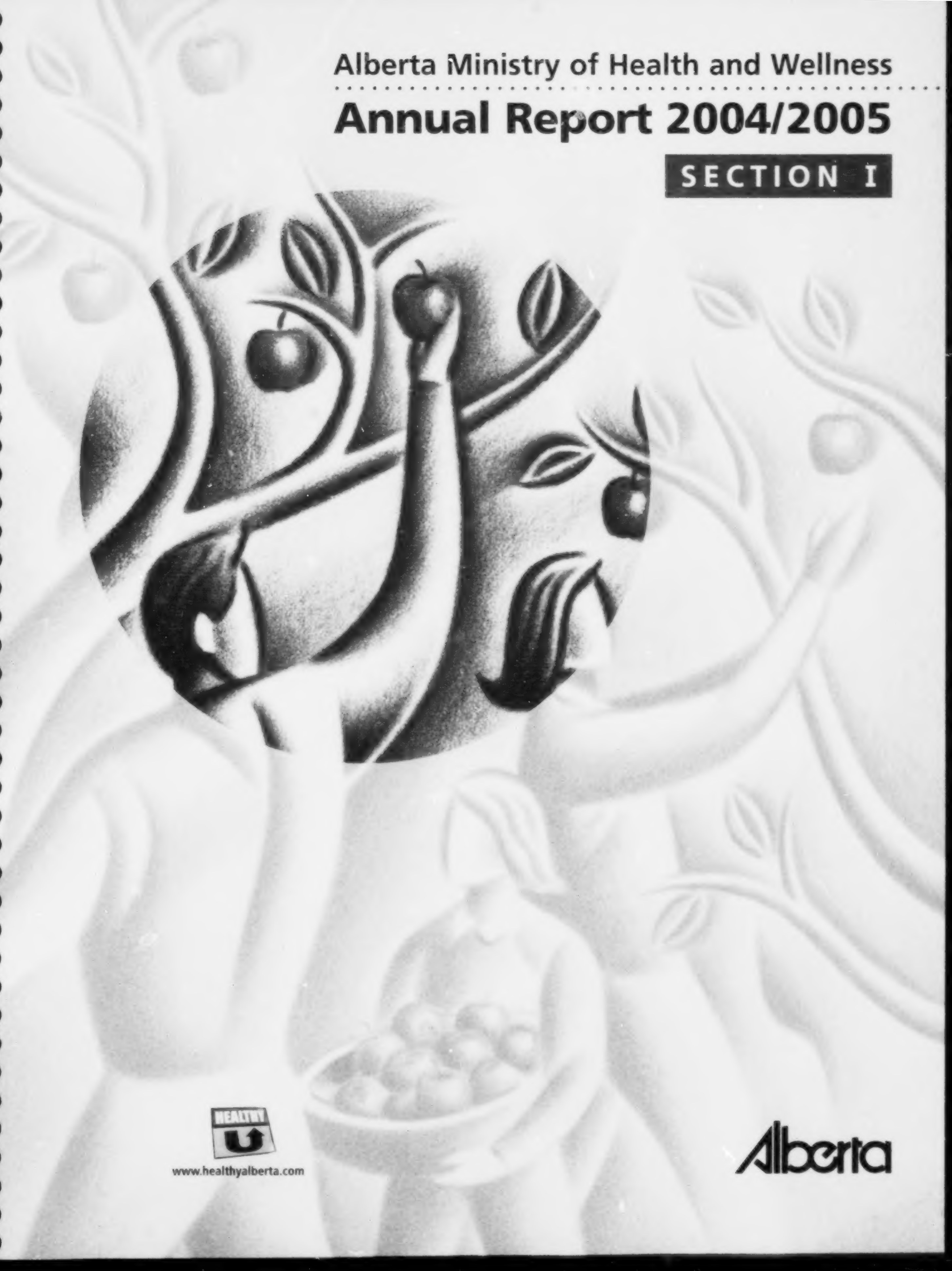
Alberta Ministry of Health and Wellness

Annual Report 2004/2005

SECTION I



www.healthyalberta.com

Alberta

For further information

For additional copies of this document or Section II, or further information about Alberta Health and Wellness, contact:

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SECTION II

Section II of this report is published under a separate cover. It provides the financial statements of the regional health authorities and provincial health boards. To obtain financial statements of individual regional health authorities and provincial health boards, please contact the health authority directly.

PREFACE

Public Accounts
2004/2005

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta, released June 29, 2005, contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Alberta Health and Wellness contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan.

This ministry annual report also includes:

- the financial statements of entities making up the ministry, including the provincial agencies for which the minister is responsible, and
- other financial information as required by the *Financial Administration Act* and the *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent the ministry has anything to report.

Financial information relating to regional health authorities and provincial health boards is also included in this annual report as supplementary information. Section II of this report provides financial statements of the regional health authorities and provincial health boards, which are accountable to the minister of Alberta Health and Wellness.

Minister's
Accountability Statement

The ministry's annual report for the year ended March 31, 2005, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 12, 2005 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Iris Evans
Minister of Health and Wellness
September 12, 2005

Message from the Minister

Albertans place great value on their health system. Significant steps have been taken to improve and strengthen the health system in Alberta over the past year. Regional health authorities, health-service providers, community-based partners and the ministry are working together to improve access, streamline services, implement new models of care and respond to the needs of Alberta's rapidly growing population.

In 2004/2005 the Alberta government announced the investment of $700 million in new funding to expand capacity and improve access. This was the largest single funding increase in the history of Alberta's health system. Half of this amount is intended to reduce waitlists and wait times. For example, the number of orthopaedic surgeries will be increased by 1,200 and the average wait time for certain heart surgeries will be reduced from nine to two weeks. In addition, new initiatives for protecting and promoting the health of Albertans are being launched.

In cooperation with Alberta Infrastructure the remaining $350 million was committed to a series of health facility capital projects. These projects include a capital program to develop new supportive living facilities for low- and moderate-income seniors in rural Alberta. These facilities allow seniors to live independently and have access to needed supports and health services in the community.

Our ultimate goal is for every Albertan to achieve and maintain optimum health throughout their life. Each of us needs to know what to do to stay healthy. We must be prepared to take responsibility for our health and make appropriate behavioural and lifestyle choices.

To give Albertans the information they need, we launched a series of public awareness campaigns throughout the year. The Keep Your Body in Check campaign educated Albertans about how to reduce their risk of developing type 2 diabetes. The Fight the Bite campaign reminded Albertans about the serious consequences of West Nile virus and the simple steps that can be taken to protect against this disease.

While many good things have been accomplished, important challenges still lie ahead. The cost of health care continues to rise, especially the cost of drugs and new technologies. In September 2004, the first ministers of federal, provincial and territorial governments agreed on the fundamental principles of a national pharmaceutical strategy. Alberta is proud to provide leadership on issues surrounding drug approvals and strategies to help develop a national framework for expensive drugs for rare diseases.

Alberta's future depends on doing all we can to protect and promote the health of our children and youth. A broad community approach is needed to address their health issues. Addictions affect all Albertans and are a growing problem in our society, particularly in young people. Provincial adolescent treatment services will be enhanced, but dealing with this problem will require the combined efforts of all sectors of society.

The mental health of Albertans is another high priority area. One in five Canadians is affected by mental illness during their lifetime. The overall prevalence of mental illness in Canadian children and adolescents at any given point in time is about 15 per cent. Mental illness can significantly affect individuals, their families, workplaces and the health care system. During this past year, advances were made in integrating mental health services. Plans for further improvements in children's mental health services are anticipated in the months ahead.

Alberta's growing Aboriginal population faces many health challenges particularly as a result of high rates of diabetes and other chronic diseases. Delivery of health services to remote or isolated Aboriginal communities is a challenge as is the provision of culturally appropriate services within the health care system. Strategies to improve Aboriginal health in collaboration with Aboriginal leaders, health authorities, service providers and provincial and federal governments have been initiated.

Looking ahead to next year and beyond, there are a number of areas in which Alberta will continue to demonstrate leadership within Canada. The Alberta Electronic Health Record system will be further extended to include other points of contact within the health system. At the same time, strong safeguards will be in place to protect the privacy of health information. Alberta will continue to allocate resources to the development of primary care initiatives in local communities. The goal is to provide every Albertan with access to well integrated, multi-disciplinary primary care. As a government, we will follow through on our commitment to implement and enforce new standards for continuing care facilities and services.

There is no single solution to the challenges in our health care system. Instead it is important to move ahead with literally hundreds of ideas and improvements – improvements that meet patient needs, and make a positive difference in the health of Albertans.

Iris Evans
Minister of Health and Wellness

Management's Responsibility for Reporting

The ministry of Alberta Health and Wellness includes the Department of Health and Wellness and the Alberta Alcohol and Drug Abuse Commission.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Alberta Health and Wellness. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province of Alberta under ministry administration,
- provide Executive Council, Treasury Board, the Minister of Alberta Finance and the Minister of Alberta Health and Wellness any information needed to fulfill their responsibilities, and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Paddy Meade
Deputy Minister
Alberta Health and Wellness
September 12, 2005

Ministry of
Health and Wellness Organization
(For the year ended March 31, 2005)

Government of Alberta

Minister of Health and Wellness
(Ministry)

Department of Alberta Health and Wellness

Divisions
- Finance and Corporate Services
- Health Accountability
- Health Authorities Division
- Health Workforce
- Population Health
- Program Services
- Strategic Directions

Health Authorities

- Chinook Health Region
- Palliser Health Region
- Calgary Health Region
- David Thompson Health Region
- East Central Health
- Capital Health
- Aspen Regional Health Authority
- Peace Country Health
- Northern Lights Health Region
- Alberta Cancer Board
- Alberta Mental Health Board

Alberta Alcohol and Drug Abuse Commission

Boards and Committees Accountable to the Minister

- Health Facilities Review Committee
- Health Disciplines Board
- Health Professions Advisory Board
- Health Quality Council of Alberta
- Hospital Privileges Appeal Board
- Public Health Appeal Board

Vision, Mission and Core Businesses

VISION

The Government of Alberta's vision for Alberta is:

> *A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.*

That vision is supported by Alberta Health and Wellness' vision:

> *Healthy and well Albertans.*

The achievement of this vision is everybody's responsibility. The Ministry of Alberta Health and Wellness plays a leadership role in achieving this vision through our mission, core businesses and goals.

MISSION AND CORE BUSINESSES

The mission of the ministry as set out in the 2004-2007 business plan is:

> *To provide leadership and work collaboratively with partners to assure the delivery of quality, affordable health services and wellness programs to help Albertans be healthy.*

The ministry fulfills this mission through three core businesses, each of which is supported by corresponding business plan goals.

Core Business 1: Encourage and support healthy living.

Goal 1 – Albertans choose healthier lifestyles.

Goal 2 – Albertans' health is protected.

Core Business 2: Ensure quality health services.

Goal 3 – Improved access to health services.

Goal 4 – Improved health service outcomes.

Core Business 3: Lead the health system.

Goal 5 – Health system sustainability.

Goal 6 – Ministry organizational excellence.

Highlights for 2004/2005

In 2004/2005 Alberta's health system was strengthened through a number of initiatives and new investments to improve performance and effectiveness. On June 30, 2004, the Alberta government announced that immediate action would be taken to address Alberta's urgent health priorities, while at the same time developing system capacity for the future. System capacity was increased in key service areas, including cardiac and orthopedic surgery, to reduce waitlists and wait times. It was also recognized that Alberta must continue to look for new and innovative ways of resourcing and delivering health services so as to improve quality and long term sustainability. The Alberta government reaffirmed its commitment to learning from the best health systems in the developed world and to explore a Third Way of developing Alberta's health system.

The following are highlights of the ministry's achievements in relation to each core business in its 2004 to 2007 business plan.

CORE BUSINESS 1: ENCOURAGE AND SUPPORT HEALTHY LIVING.

Diabetes Prevention

The prevention, care and management of diabetes in a coordinated and comprehensive manner are the underlying objectives of the 10-year Alberta Diabetes Prevention Strategy which was developed in 2003 in collaboration with an extensive group of stakeholders, including the Canadian Diabetes Association (CDA). Alberta has made significant advances in its efforts to increase awareness of type 2 diabetes and the associated risk factors over the past year. The Mobile Diabetes Screening Initiative (MDSI) provides mobile screening for diabetes and related complications in Aboriginal, off-reserve and remote Alberta communities. MDSI is currently providing this mobile screening service to the eight Metis settlements and four other remote off reserve communities. The Keep Your Body in Check program was launched in cooperation with the Canadian Diabetes Association. The program focuses on type 2 diabetes prevention education in three communities and a province-wide radio and television awareness campaign.

Influenza Pandemic

It is impossible to predict the exact timing of the next influenza pandemic. Influenza experts from the World Health Organization and the Public Health Agency of Canada believe that an influenza pandemic is imminent. Alberta Health and Wellness procured an antiviral stockpile of 1.6 million doses (this total will be increased to 2.6 million in the coming year) and regional health authorities are working to synchronize their emergency plans to the Alberta Pandemic Influenza Contingency Plan (2002). Significant progress was also made on the development of an influenza self-care strategy. Self-care materials will provide information to the public on how to prevent the spread of influenza and to care for themselves and their families if they contract influenza. A province-wide influenza self-care program was identified as a critical health services measure to respond to a pandemic.

Immunization

Alberta's influenza immunization program was expanded to include infants between six and twenty-three months, as well as their caregivers and family members. A province-wide promotion of childhood immunization was carried out using information available on grocery store shelves. The hepatitis A vaccination program was also expanded. High risk groups can now receive the vaccination free of charge. Grade nine students are now provided with the acellular pertussis (whooping cough) vaccination. The expansion of these programs will assist in improved immunization coverage for high risk groups and will result in reduced disease transmission and greater disease protection.

Breast Cancer

In order to detect breast cancer at an early stage and to coordinate breast cancer screening across the province, a new breast cancer screening program operated by the Alberta Cancer Board was announced in October 2004. The new program will encourage women 50 to 69 years old to receive a mammogram every two years. The program will also track women who have been screened and issue reminder letters for follow-up screening appointments.

CORE BUSINESS 2: ENSURE QUALITY HEALTH SERVICES.

Waitlist Reduction

Alberta continued to improve access to health services. An investment of $700 million in health services and facilities was announced on June 30, 2004. $350 million was provided to Alberta Health and Wellness and $350 million was provided to Alberta Infrastructure and Transportation. Alberta Health and Wellness' portion was aimed at increasing bed capacity, reducing wait times for surgery, improving care for mothers and their babies, and reducing preventable illness. New centralized orthopedic intake clinics were set up in Calgary, Red Deer and Edmonton to reduce waitlists for joint replacement surgery. The clinics will assess patients prior to surgery and assign them to surgeons. This will free up the time of orthopedic surgeons and allow them to provide 1,200 additional joint replacements. Improved co-ordination of care is the first step in developing access standards for orthopedic care. Also, under new access standards for cardiac surgery, some patients scheduled for coronary artery bypass grafting (open heart surgery) received intensive home care. This helps to reduce wait times by allowing patients to wait at home and freeing up hospital beds for additional surgeries. The additional funding was also used to reduce wait times for elective, outpatient MRI scans. An arthroplasty pilot will test a new care path, with the goal of improving access to surgery and patient care.

Comparable Health Indicators

Alberta's 2004 Report on Comparable Health Indicators is the second report released by the Alberta Government since the 2000 agreement by all Canadian health ministries to provide regular reports of health and health care system performance using comparable data. Common health indicators provide a standard way of comparing health status, health outcomes and quality of service. The 2004 report shows health indicator results required by the national accord under four key themes: improving access to health services, improving health care quality, keeping Albertans healthy and primary health care. Results show Albertans have slightly better self-reported health status compared with the Canadian average.

Waiting times for health services are close to the national average. Other report results include:

- Alberta has one of the lowest in-hospital mortality rates and hospital re-admission rates for patients following a heart attack.
- About 90 per cent of Albertans reported receiving service within three months for non-emergency surgery, a specialist visit or diagnostic tests.
- On average, more Albertans are physically active (55.6 per cent) than Canadians (51.7 per cent).
- Alberta households spend a lower percentage of household income on prescription drugs than most Canadians.
- Alberta has a higher rate of hospitalization for certain chronic conditions compared to the national average.
- The self-reported influenza immunization rate for Alberta seniors has increased from 59 per cent in 1996 to 64 per cent in 2003, slightly below the Canadian average.

Mental Health

Improved mental health care for Albertans was the motivation behind innovative funding for two new multi-disciplinary programs in Calgary. The Collaborative Mental Health Care project helps children six and under at risk of mental disorders. It offers early professional assessment, intervention and treatment to children and their families that can significantly alleviate and even eliminate possible long-term consequences of mental disorders. The multidisciplinary staff of two psychiatrists, a family physician and a team of nurses, social workers and psychologists treats approximately 200 children a year. The Prevention through Risk Identification, Management and Education (PRIME) clinic provides early identification and treatment for persons with schizophrenia. It serves adult patients at ultra-high risk for psychosis before their condition becomes serious. The multidisciplinary team, including three psychiatrists, a case manager, a registered nurse, a psychometrician, and a family therapist, handles approximately fifty patients per year and refers another fifty to other facilities.

A province-wide in-service training program for long term care staff who provide care to persons with Alzheimer's and other dementias was established. A total of 3000 frontline workers were trained through this program in 2004/2005. The program will help to improve the quality of care for this group of long term care residents.

Telehealth

Telehealth services are available at 261 sites in Alberta, up from 239 at the end of 2003/2004. Available telehealth services now include psychiatric counseling pediatric care, physiotherapy, clinical discharge planning, case conferencing, and family visitation. Alberta's Telehealth Program Coordination and Scheduling System coordinates the activities of most of those sites. Use of the system has been extended beyond Alberta's borders. It has been adopted for use at 17 sites in Nunavut as well as in areas of Saskatchewan and British Columbia. It is also used by Health Canada.

International Refugees

The Calgary Refugee Health Program was launched to provide a first point of contact for refugees with the health care system. This program will help give refugees a healthy start in their new country. A multidisciplinary team provides initial health assessments, systematic screenings, maternal care, and updated vaccinations. They also provide education on topics such as the health system, nutrition and reproductive health.

Rural Health

Rural Alberta's shortage of physicians is the focus of two initiatives designed to attract more medical students and family physician residents to rural practice. The first, a joint initiative with Alberta Advanced Education, is a bursary program for ten new students per year under the Rural Physician Action Plan over six years. The plan requires recipients to commit to five years of rural practice once they have graduated. The second initiative is an expanded residency program under the Alberta Rural Family Medicine Network that will allow ten more medical residents to experience rural family practice each year.

CORE BUSINESS 3: LEAD THE HEALTH SYSTEM.

The Third Way

The Alberta government announced the start of a major health renewal initiative known as the "Third Way." The Third Way is not based on American style health care nor on adherence to the status quo. Rather, it is about keeping an open mind and learning from the best health systems in the developed world. It is about accepting innovative ideas and working towards a responsive, responsible delivery of health care services.

Alberta Electronic Health Record

Alberta's Electronic Health Record (Alberta EHR) project was further expanded. Key activities included the commencement of a provincial Client Registry project and a province-wide Diagnostic Imaging Information Management/Information Technology Strategy. Technology security standards were defined to allow other systems to integrate with the Alberta EHR. The Regional Shared Health Information Program was adopted by rural health regions. It allows them to link to the Alberta EHR. It also enables physicians, pharmacists, hospitals, home care and other providers across the province to share accurate and timely patient information in a secure environment.

Collaboration with Physicians and Health Regions

Our groundbreaking and collaborative agreement for physician services has led to the most positive government/physician group relationship in any Canadian jurisdiction and created a partnership that also includes the health regions as an equal partner. It supported or established several programs in 2004/2005 that led to better medical care for Albertans. One, the Physician Office System Program (POSP), has now automated the offices of 40 per cent of the physician offices. An important step in fully implementing the Alberta Electronic Health Record, POSP leads to improved patient care.

Albertan's Primary Care Initiave, created in the agreement, also began coming to fruition. This systematic approach to primary care renewal is the Canada's most advanced and comprehensive. Under the intiative, physicians and health regions can form networks that better manage patient care, guarantee their patients access to necessary services, and guarantee access to more Albertans. Three Primary Care Networks are about to become operational, and several others are close behind. Other types of innovative funding for physician services supported by the agreement include academic and non-academic alternate Relationship Plans. These funding plans, one of the country's most competitive fee schedules, and our relationship have attracted 200 new physicians to the province annually, including many well-known medical specialists.

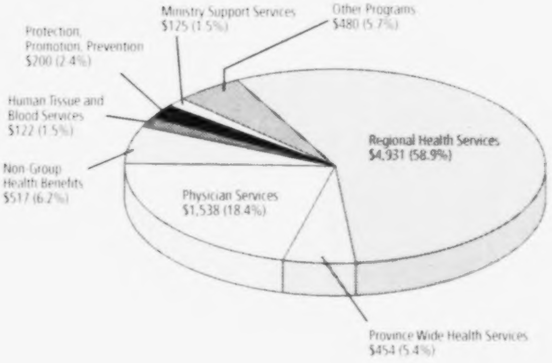
FINANCIAL RESULTS

Helping Albertans stay healthy through improved access to quality health services continued to be a focus of the government in 2004/2005. During this period, the Ministry spent $8.4 billion.

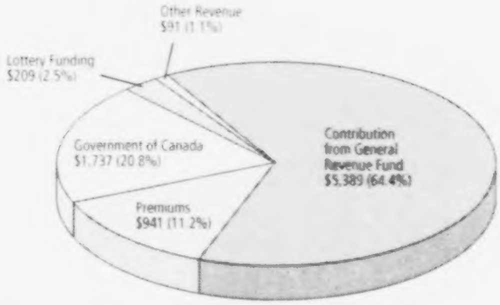
The $8.4 billion expense is an increase of $1 billion (13.6 per cent) over 2003/2004. The increased spending reflects:

- An additional $150 million for medical/diagnostic equipment, $605 million to reduce wait times and address accumulated deficits of regional health authorities and to support the delivery of acute, continuing care, mental health and cancer services to Albertans as well as continued access to critical health services such as heart surgeries and kidney dialysis.
- Increased demand for physician services – $97 million.
- A reduced funding requirement for the Physician Office System Program ($57 million). This program forms part of the tri-lateral agreement among the Alberta Medical Association, regional health authorities and the department.
- Continued demand for non-group drug benefits, primarily by seniors – $51 million.
- Ongoing support to health renewal projects including electronic health records to allow health care practitioners to see and update health information and the continuing development of information services such as Health Link Alberta – $42 million.
- A continuing focus on Protection, Promotion and Prevention activities such as providing new treatment standards for osteoporosis, improving patient safety during childbirth, immunizing for Hepatitis A and influenza for children under two and programs to reduce barriers for diabetics in making healthy choices – $32 million.
- Increased demand on the health system for services such as air and ground ambulance, out of province health care, services provided by Allied Health practitioners such as chiropractors, optometrists and podiatrists and treatment services for alcohol, other drug and gambling problems – $64 million.
- Increases in Health Care Insurance Premium Revenue Write-Offs – $16 million.

How Funding was Spent ($ in Millions)



Source of Funding ($ in Millions)



Total – $8,367 Million

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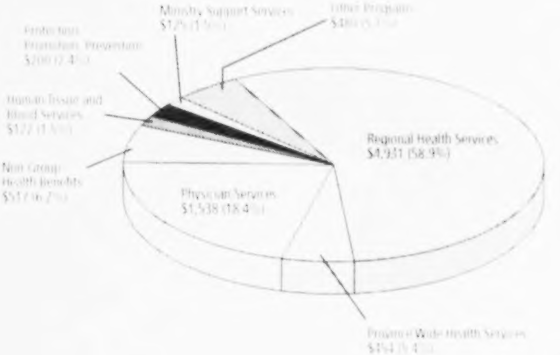

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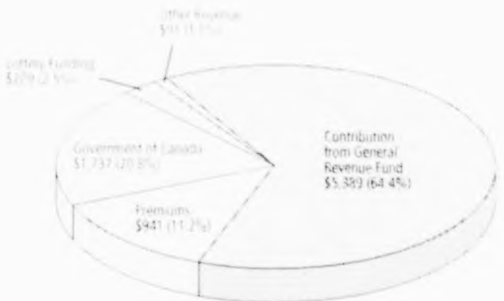

Total - $8,367 Million

AUDITOR
GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Health and Wellness' key performance measures included in the *2004-2005 Annual Report of the Ministry of Health and Wellness*, I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the key performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2004.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the key performance measures included in the *2004-2005 Annual Report of the Ministry of Health and Wellness*.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
August 19, 2005

Ministry Role

THE MINISTRY

In Canada the responsibility for health is primarily that of provincial governments as defined in the Canadian constitution. Provincial governments are responsible for the delivery of medical and hospital services to the majority of Canadians. The federal government is responsible for the provision and funding of health services on behalf of members of the Royal Canadian Mounted Police, the Canadian armed forces, and federal prisoners. The federal government also provides some health services to veterans and persons with status under the *Indian Act*.

Alberta's health care system is defined in provincial legislation and is governed by the Minister of Alberta Health and Wellness. The Ministry of Alberta Health and Wellness provides strategic direction and leadership to the provincial health system. This role includes developing the overall vision for the health system, defining provincial goals, objectives, standards and policies, encouraging innovation, setting priorities, and allocating resources. The ministry's role is to assure accountability and balance health service needs with fiscal responsibility. Alberta Health and Wellness also has the lead role in protecting and promoting public health and facilitates consistency and coordination of service delivery across regions. This role includes: 1) monitoring the health status of the population, 2) identifying and working toward reducing or eliminating risks posed by communicable diseases and food-borne, drug and environmental hazards, 3) providing appropriate information and early intervention services to prevent the onset of disease and injury and 4) promoting healthy choices and developing healthy and supportive environments.

The ministry administers the Alberta Health Care Insurance Plan in accordance with the *Canada Health Act*. The ministry registers eligible Alberta residents for coverage under the plan and compensates practitioners for the insured services they provide. Alberta Health and Wellness also provides funding to regional health authorities and provincial boards. They are responsible to the Minister for providing services in accordance with their legislated mandate. The role of regional health authorities and provincial boards includes assessing needs, setting priorities, allocating resources and monitoring performance for the continuous improvement of health service quality, effectiveness and accessibility.

The following six sections of this annual report are organized according to the six goals of the 2004-2007 ministry business plan. Specific information is provided about actions, key achievements, performance indicators and results, in relation to the planned strategies under each goal. The strategies are highlighted in bold print.

Goal 1

Albertans choose healthier lifestyles.

Early childhood development, education, employment, lifestyle choices, socio-economic environments and genetic make-up are among the many factors that determine the health of an individual and society. Albertans are encouraged to realize their full health potential through informed lifestyle choices. A healthy lifestyle greatly contributes to the quality and length of a person's life. The ministry, health authorities and health service providers play an important role in providing the information to Albertans so that they can make the best choices for their health.

WHAT WE DID

Provide health and lifestyle information to help people make healthy choices as encouraged by the Healthy U Campaign and the Framework for a Healthy Alberta.

Healthy U

- Two Healthy U crews of young Albertans toured Alberta sharing the Healthy U Choosewell message at community festivals through lively activities, contests and prizes. The Healthy U crews attended 23 events in 19 communities with 26,000 individual interactions with Albertans.
- The Community Choosewell Challenge, launched in September 2004, had 63 communities register for the challenge, showcasing new and existing programs for physical activity and healthy eating. The Challenge was completed in February 2005. Four overall winners and five high achieving communities were identified and will be planning recognition events. The four winning communities are: Grande Prairie, Fort MacKay, Vermillion and Medicine Hat. The five high achieving communities are: Brooks, Strathcona County, Vegreville, Andrew and Edgerton.
- Ten ministries, seven external organizations, and three other government agencies participated in the Healthy U @ work program. This initiative encouraged Alberta employers to adopt and promote healthy work place practices.
- Information on healthy eating, active living and affordable activity for children was provided for the English Express published by Alberta Advanced Education. Fifty-three thousand copies of English Express have been distributed; free of charge, to 1,500 subscribers including regional health authorities, libraries, English as a Second Language (ESL) programs, adult literacy programs, and daycares. In addition to the regular English Express print run, an additional 20,000 copies were printed for distribution to RHA nutritionists, health promotion professionals, daycares, and Family and Community Support Services (FCSS) offices.

Health Risk Management and Chronic Disease Prevention

- The Keep Your Body in Check program was launched in cooperation with the Canadian Diabetes Association. The program focuses on type 2 diabetes prevention education in three communities and a province-wide radio and television awareness campaign. This program has increased awareness about type 2 diabetes and has increased community capacity for diabetes education.

- Three new projects focusing on health risk management and/or prevention of chronic disease were launched in the fall of 2004.
    - The Alberta Perinatal Health Program (APHP) contracted with the Society of Obstetricians and Gynaecologists of Canada (SOGC) for the Managing Obstetrical Risk Efficiently (MORE) program. Alberta Health and Wellness provided a grant to Capital Health over a five-year period for training 1,500 nurses, physicians and midwives who provide obstetrical care in hospitals, to improve patient safety, promote a multidisciplinary patient safety culture and increase the quality of care. Ten training days were held in 2004/2005 with four health regions. 1,042 individuals were registered for training by March 2005. The program has been enthusiastically received, with participation by regions being much higher than expected; all health regions have made a commitment to participate over the next year. The APHP is also developing rural training strategies and an evaluation plan.
    - The osteoporosis project used a provincial framework to improve the diagnosis and management of osteoporosis. Participants include the Grace Osteoporosis Clinic in Calgary, the Osteoporosis Clinic of the Grey Nuns Hospital in Edmonton, Health Link Alberta and the Osteoporosis Society of Canada, Alberta Branch.
    - The Centre for Health Promotion Studies (CHPS) and the Canadian Diabetes Association collaborated on the Healthy Alberta Communities project. It focuses on the prevention of type 2 diabetes and other chronic disease through community development and community capacity building for chronic disease prevention.

Enable people to make appropriate use of the health system through counseling and information services such as Health Link Alberta.

- The telephone-based information service originally developed by Capital Health was extended province-wide and renamed Health Link Alberta. The total volume of calls from April 1, 2004 to March 31, 2005 was 921,954. In a November 2004 survey by the Health Quality Council of Alberta (HQCA) 64 per cent of Albertans indicated that they are aware of the Health Link Alberta service. Over three quarters (77 per cent) of Albertans who have used the service are satisfied with their experience, including 51 per cent who were very satisfied.

Collaborate with other ministries on initiatives to address the needs of children, youth, seniors, Aboriginal communities and Albertans with disabilities or who are disadvantaged.

- The Aboriginal Wellness initiatives are targeted at those health issues for which Aboriginal people have a higher rate of incidence or the issues that Aboriginals tend to allow to become acute or chronic before seeking medical attention (i.e., diabetes, HIV/AIDS, tuberculosis, tobacco and drug misuse). Many of the initiatives connect Aboriginal people with early interventions that can help them to avoid the unnecessary negative health consequences. A total of 55 new Aboriginal wellness initiatives were implemented. They include the following:
    - *Community-based primary health care:* Thirteen new primary health care initiatives implemented involved promotion of women's and children's health, prenatal nutrition, Aboriginal health career internships, Aboriginal

mental health, Aboriginal spiritual care, and use of an Elders' advisory group in health care delivery.

  - *Mobile Diabetes Screening Initiative:* Mobile screening for the early detection of diabetes and related complications was initiated in five Métis settlements in 2003/2004. This year, screening for diabetes and related complications was expanded to seven additional off-reserve Aboriginal and remote communities.
  - *Alberta Community HIV Fund:* Nine HIV related projects-were directed toward Aboriginal people. These included HIV awareness and prevention, and HIV care and support initiatives.
  - *Tobacco Reduction:* The Alberta Alcohol and Drug Abuse Commission (AADAC) supported 19 Aboriginal communities in developing tobacco prevention, reduction and cessation programs focusing on the sacred versus recreational use of tobacco.
  - *Substance Abuse Awareness and Prevention:* AADAC supported a number of Aboriginal communities, organizations and service providers to develop and deliver substance abuse awareness and prevention programs, including cultural camps and education campaigns for Aboriginal youth.

- Alberta Health and Wellness contributed to many cross-ministry strategies under the Alberta Children and Youth Initiative (ACYI), including:
  - *Aboriginal Youth Suicide Prevention Strategy:* Alberta Health and Wellness is the co-lead for the cross-ministry Aboriginal Youth Suicide Prevention Strategy (AYSPS). The Strategy takes a community development approach to address the issue of suicide prevention by enhancing family and social supports through community action plans focused on education and training. Three community pilot action plans were developed and are currently being implemented.
  - *Student Health Initiatives:* Alberta Health and Wellness supported Alberta Education, Alberta Children's Services, Alberta Seniors and Community Development and Alberta Advanced Education in the review of speech-language services for children and youth in Alberta. The review is addressing issues related to the access to speech-language services and developing a strategic approach for action by government, authorities, professions and other stakeholders.
  - *Policy Framework for Children and Youth with Special and Complex Needs:* Health regions implemented an integrated case management model, with some shared additional fiscal resources, to more effectively meet the needs of children and youth with complex needs.
  - *Alberta Roundtable on Family Violence and Bullying:* Alberta Health and Wellness was a participating ministry in the Roundtable. A Framework for Action that identified key strategies for government and communities to achieve the vision of "an Alberta where children and families are free from family violence and bullying" was developed as a result of the Roundtable.
  - *Alberta Fetal Alcohol Spectrum Disorder (FASD):* Alberta Health and Wellness contributed to the development of a provincial FASD strategic plan for government consideration in 2005/2006. Priorities were identified that pertain to Alberta Health and Wellness' focus on awareness and prevention and diagnosis and assessment.

Ensure that addiction information, prevention and treatment are available province-wide.

- *The Prevention of Youth Tobacco Use Amendment Act* received Royal Assent. The amendment expands the definition of public places where youth can be charged with possession or use of tobacco.
- Other achievements in this area are reported in the Alberta Alcohol and Drug Abuse Commission section of this report.

Key Performance Measures and Results

MEASURE 1.A

Self reported health status

Self-reported health status is a good indicator of the health and well being of Albertans. It is accepted nationally and internationally as a means of reporting on population health. How people rate their own health is affected by a variety of factors, including genetic factors, early childhood development, education, employment status, chronic disease, disability, temporary illness, mental health and the environment.

Self-reported health status was unchanged and slightly below target in 2005 for those 65 years old and over. For the 18 to 64 years category, self reported health status increased slightly in 2005 but was slightly below target. The self-reported health status of Albertans has been at or near the target values for most of the past five years.

Self reported health status "excellent, very good or good health"

	2000	2001	2002	2003	2004	2005	Target 2005
Age 18 – 64 Per cent reporting excellent, very good, or good health	90	89	88	90	88	89	90
Age 65+ Per cent reporting excellent, very good, or good health	79	72	78	80	78	78	80

Source: Public Survey about Health and the Health System in Alberta, for 2001 – 2005, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA)

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by the HQCA (previously by Alberta Health and Wellness) and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 64 and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Adult Albertans are asked: "In general, compared with other people your age, would you say your health is: excellent, very good, good, fair, or poor?" Sample size for the 18-64 group is about 3,500, and estimates are accurate within about two per cent 19 times out of 20. Sample size for the 65+ group is about 550 and these estimates are accurate within about four per cent 19 times out of 20.

MEASURE 1.B

Per cent of Albertans who smoke

The first decrease in this measure since 1994/1995 was reported in 2002/2003. The per cent of Albertans who smoke decreased from 28 per cent in 2000/2001 to 23 per cent in 2002/2003 this is two per cent below the target for 2004/2005 and is due in large part to the Alberta Tobacco Reduction Strategy (ATRS).

The ATRS aims to reduce disease, disability, and death related to tobacco use by Albertans. The ATRS is comprehensive and includes: increased taxation on tobacco products prevention and education programs, and legislation to prevent youth from smoking.

Tobacco use is one of a few risk factors linked to chronic diseases such as, obstructive lung disease and cancer. Chronic diseases represent the greatest drain on our health care resources. By supporting Albertans in making healthier choices we can move closer to the vision of healthy and well Albertans.

Per cent of Albertans who smoke

	1994/1995	1996/1997	1998/1999	2000/2001	2002/2003	Target 2004/2005
Per cent of Albertans age 12 and older who report being a current smoker (daily or occasional).	28	28	28	28	23	25*

Source: Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2003), National Population Health Survey (1994/1995, 1996/1997, 1998/1999).
Approximate sample size for Alberta is 14,000 households, which provides a 95 per cent confidence interval of about 1 per cent above or below the reported result. Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas. Results are adjusted for non-respondents.

* The 2004/2005 target was based on results from CCHS 2000/2001.

MEASURE 1.C

Per cent of Alberta youth (age 12-19) who smoke

Smoking among young people continues to be a serious health concern. Not only is tobacco a highly addictive substance, but its prolonged use can lead to serious health consequences in later life. Smoking rates among young Albertans (12 to 19 years) have fluctuated. The results for 2002/2003, the last full year of reporting are encouraging as the prevalence is below the 2006/2007 target of 15 per cent.

Tobacco prevention programs have been implemented in schools across the province including: Teaming Up For Tobacco Free Kids for children in grades 4 to 6 (implemented in over 175 schools), Building Leadership for Action in Schools Today (BLAST) for youth in grades 7 to 9 (conferences attended by over 200 youth), and the Kick the Nik smoking cessation program for youth aged 15 to 18 (over 200 facilitators trained to deliver the program).

Per cent of Alberta youth (age 12-19) who smoke

	1994/1995	1996/1997	1998/1999	2000/2001	2002/2003	Target 2006/2007
Per cent of Alberta youth (age 12-19) who reported being a current smoker (daily or occasional).	16	21	17	18	14	15*

Source: National Population Health Survey (1994/1995, 1996/1997, 1998/1999) Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001). Daily and occasional smoking combined for Albertans 12–19 years of age. The CCHS includes a sample of Albertans 12 years and older (n = 14, 456). The response rate at the national level is 84.7 per cent. Statistics Canada: Canadian Community Health Survey (CCHS) (2003). Daily and occasional smoking combined for Albertans 12–19 years of age. The CCHS includes a sample of Albertans 12 years and older (n = 13,871). The response rate at the national level is 80.6 per cent.

Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas.

*The 2004/2005 target was based on results from CCHS 2000/2001.

MEASURE 1.D

Per cent of Albertans who are "active or moderately active"

The results show that, over the past decade, Albertans have become increasingly active in their leisure-time activities. Albertans who maintain an active lifestyle can improve their quality of life and long-term health outcomes. Physical activity can help protect an individual against heart disease, obesity, high blood pressure, diabetes, osteoporosis, stroke, depression, and certain kinds of cancers. Survey results for 2002/2003 show that 56 per cent of Albertans report being active or moderately active. This exceeds the 2004/2005 target of 55 per cent.

Healthy U is a program designed to encourage Albertans to choose well, that is to make better daily decisions about healthy eating and physical activity. The healthyalberta.com website, Healthy U© work and the Community Choosewell Challenge are working to improve the health of Albertans.

Per cent of Albertans who are "active or moderately active"

	1994/1995	1996/1997	1998/1999	2000/2001	2002/2003	Target 2004/2005
Per cent of Albertans who report that they are "active or moderately active"	47	50	53	52	56	55

Source: Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2003), National Population Health Survey (1994/1995, 1996/1997, 1998/1999).

Approximate sample size for Alberta is 14,000 households, which provides a 95 per cent confidence interval of about one per cent above or below the reported result. Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas. Results are adjusted for non-respondents.

Albertans age 12 and older who reported their level of physical activity, based on their responses to questions about the frequency, duration and intensity of their participation in leisure-time physical activity.

Respondents are classified as active, moderately active or inactive based on an index of average daily physical activity over the past 3 months. For each leisure time physical activity engaged in by the respondent, average daily energy expenditure is calculated by multiplying the number of times the activity was performed by the average duration of the activity by the energy cost (kilocalories per kilogram of body weight per hour) of the activity. The index is calculated as the sum of the average daily energy expenditures of all activities. Respondents are classified as follows: 3.0 kcal/kg/day or more = physically active; 1.5 – 2.9 kcal/kg/day = moderately active; less than 1.5 kcal per day = inactive.

MEASURE 1.E

Per cent of Albertans with "acceptable" body mass index

The results show that less than half of Albertans have an "acceptable" body mass index (BMI). There has been no sign of change in recent years due in part to the short time frame since the introduction of the Healthy U initiative in 2003. There are four categories of BMI ranges in the Canadian weight classification system. These are: underweight (BMIs less than 18.5); normal weight (BMIs 18.5 to 24.9); overweight (BMIs 25 to 29.9), and obese (BMI 30 and over). Most adults with a high BMI (overweight or obese) have a high percentage of body fat. Extra body fat is associated with increased risk of health problems such as diabetes, heart disease, high blood pressure, gallbladder disease and some forms of cancer.

Per cent of Albertans with "acceptable" body mass index

	1994/1995	1996/1997	1998/1999	2000/2001	2002/2003	Target 2004/2005
Per cent of Albertans whose body mass index (BMI) is in the range of 18.5-24.9	50	49	46	49	47	50

Source: Satistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2003), National Population Health Survey (1994/1995, 1996/1997, 1998/1999).

Approximate sample size for Alberta is 14,000 households, which provides a 95 per cent confidence interval of about 1 per cent above or below the reported result. Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas. Results are adjusted for non-respondents. The index excludes pregnant women and persons less than 3 feet (0.914 meters) tall or greater than 6 feet 11 inches (2.108 meters).

Albertans age 18 and older who reported Body Mass Index (BMI), based on their responses to questions about their height and weight. "Acceptable" BMI includes respondents with a normal weight (BMI 18.5-24.9).

BMI is calculated as follows: weight in kilograms divided by height in meters squared. The index is: under 18.5 (underweight); 18.5-24.9 (normal weight); 25.0-29.9 (overweight); 30.0-34.9 (obese-Class I); 35.0-39.9 (obese-Class II); 40 or greater (obese – Class III).

MEASURE 1.F

Per cent of Alberta women who consumed alcohol during pregnancy

The results show that the number of pregnant women who consume alcohol is declining. Consuming alcohol during pregnancy can result in fetal alcohol spectrum disorder. A baby born with fetal alcohol spectrum disorder can have serious handicaps and therefore could require a lifetime of special care. Alberta's goal is to have zero per cent of women consume alcohol during pregnancy by 2012.

Prevention and awareness campaigns "Your Decision, Baby's Future", about the dangers of drinking alcohol while pregnant, and "Alcohol and Pregnancy Don't Mix", targeted to youth 12 – 17 years old, aim to help Alberta meet the target for limiting alcohol use during pregnancy.

Per cent of Alberta women who consumed alcohol during pregnancy

	1998	1999	2000	2001	2002	Target 2004	Target 2012
Per cent of Alberta women reporting that they consumed alcohol during pregnancy	4.4	4.3	4.0	3.9	4.0	2.5	0

Source: Alberta Vital Statistics, Notice of a live or a stillbirth (n=36, 723)

Includes Albertan women who gave birth and reported they consumed alcohol during pregnancy.

Data excludes non-Albertan residents and is adjusted for non-respondents. There is a delay in obtaining 2003 data due to changes in the collection process.

Goal

2 Albertans' health is protected.

As public health issues such as avian influenza gain attention worldwide, Albertans need to know that their health system is ready and able to protect their health. Alberta Health and Wellness, in collaboration with health authorities and other partners, continues to protect Albertans from disease and injury.

WHAT WE DID

Protect Albertans against communicable diseases by strengthening the health system's capacity to respond to public health issues and risks, including immunization and implementation of Alberta's pandemic influenza response plan as necessary.

- Continued implementation of the Alberta pandemic influenza plan including development of a self care strategy, refinement of the command and control processes, and acquisition of 1.6 million doses of antiviral medication. This total will be increased to 2.6 million in the upcoming year.
- Alberta's immunization program for the prevention of communicable diseases was strengthened. The influenza immunization program was expanded to include infants between six and twenty-three months as well as their caregivers and family members. A province-wide promotion of childhood immunization through information available on grocery store shelves that Albertans could take home and read was carried out. The hepatitis A vaccination program was also expanded. High risk groups can now receive the vaccination free of charge. Grade nine students are now provided with the acellular pertussis (whooping cough) vaccination. The expansion of these programs will assist in improved immunization coverage for high risk groups and will result in reduced disease transmission and greater disease protection.
- Alberta updated its response plan to minimize the risk of West Nile virus in the province. Four provincial departments collaborated on a comprehensive bird and mosquito surveillance program. Increased funding was provided for municipal mosquito control programs and the Fight the Bite public information campaign was launched. The campaign provided information about how to avoid mosquito bites and reduce mosquito breeding sites. A baseline survey of the prevalence of infection by West Nile virus in the entire adult population was completed after the 2003 mosquito season. Preliminary results indicate a prevalence rate of 4.6 per cent in rural parts of the Palliser Health Region, 0.8 per cent in Medicine Hat and 0.3 per cent in the province as a whole.
- The Communicable Disease Emergency Response Plan, including a Smallpox Emergency Response Plan, was developed. The Communicable Disease Emergency Response Plan (CDERP) is an overarching emergency action plan to address large infectious disease outbreaks from naturally occurring diseases or from bioterrorism events using viruses such as smallpox. The emergency response plan supports the health system's ability to cope with large numbers of infected people. The goal is to reduce morbidity, mortality and the societal impact of a communicable disease emergency.

Protect Albertans from environmental health risks through education, environmental monitoring, regulatory compliance and enforcement in partnership with other ministries.

- Alberta Health and Wellness participated on an interdepartmental committee with Alberta Environment to review the Environmental Impact Assessments by such development proponents as: 1) BA Energy – Heartland Upgrader, 2) Birch Mountain Resources, 3) Deer Creek Energy, 4) Devon Canada Corporation, 5) Glacier Power, 6) Husky Energy, 7) Suncor Energy South Tailings Pond, and 8) Suncor Voyageur. Alberta Health and Wellness' role in the review process is to provide health expertise to the Government regarding the applications. Regional health authorities provide the ministry team with a local perspective. The reviews, by the interdepartmental committee, identify health risks associated with industrial development. Appropriate risk management initiatives are recommended to minimize the identified risks. The review of these Environmental Impact Assessments provides the Alberta Energy and Utilities Board with the information needed to determine whether public health and safety concerns have been appropriately addressed in each of the development proposals.

Collaborate with other ministries to ensure safe and secure drinking water for Albertans.

- In collaboration with Alberta Environment, Alberta Health and Wellness contributed to key components of the Water for Life strategy. A new 24/7 emergency response protocol has been developed for addressing outbreaks of water borne diseases in public drinking water supplies. A new environmental public health reference manual for use by operators of private, public and communal drinking water systems was completed.

Reduce suicide and the risk of serious injury through education and targeted interventions in collaboration with other agencies.

- Under the leadership of the Alberta Mental Health Board, Alberta Health and Wellness participated in the development of the Alberta Suicide Prevention Strategy aimed at the prevention and reduction of suicide, suicidal behaviour and the effects of suicide in the province.
- Funding was provided to the Alberta Centre for Injury Control and Research (ACICR) to strengthen injury prevention programming across the province.
- In collaboration with the Alberta Occupant Restraint Program, supported initiatives to increase seat belt use in the province. Results from two 2004 rural seat belt surveys (ACICR and Transport Canada) indicate an increase in the rates of seat belt use from five per cent to seven per cent since 2001.
- Participated in the development of the cross-government Traffic Safety Plan and set aggressive targets to reduce serious injury and death on Alberta's roadways (see Measure 2.C).

Develop networks and initiatives that improve access to disease screening and prevention services.

- Funding was provided for 15 community based HIV/AIDS organizations. The HIV/AIDS organizations use the Alberta Community HIV Fund to provide direct service delivery to individuals living with or at-risk of HIV, specifically prevention and support programming. These organizations work collaboratively to present a unified provincial voice on common HIV issues with the goal of eliminating the spread of HIV.
- Regional health authorities have developed three-year Young Family Wellness plans to support families and enhance early childhood development.
- In order to detect breast cancer at an early stage and to coordinate breast cancer screening across the province, a new breast cancer screening program, operated by the Alberta Cancer Board, was announced in October 2004. The role of the Alberta Breast Cancer Screening Program is to provide a coordinated, province-wide approach to the delivery of mammography screening services by ensuring women are screened regularly and appropriately. The program will actively support women who are typically under screened to participate in screening. For example, the program will include education, community and outreach programs for "hard to reach" groups of women – such as ethnic communities for which breast health is an especially sensitive matter. Previously in Alberta, multiple delivery systems for breast cancer screening operated in an uncoordinated fashion.

Key Performance Measures and Results

MEASURE 2.A

Childhood immunization coverage rates for: Diphtheria, tetanus, pertussis, polio, Hib; Measles, mumps, rubella; Meningococcal conjugate and Pneumococcal conjugate

High rates of immunization can help control the incidence of childhood diseases and ensure that outbreaks are controlled. While Alberta has one of the most comprehensive immunization programs in Canada, there is room to improve coverage rates. Strategies are being implemented at the regional level to improve the coverage rates.

Per cent of children 2 years or under who have been immunized

	1998	1999	2000	2001	2002	2003	Target 2005
Diphtheria, tetanus, pertussis, polio, Hib	77	79	79	78	78****	78**	88*
Measles, mumps, rubella	86	89	90	87	90****	90**	98
Meningococcal conjugate	-	-	-	New	-	-***	97
Pneumococcal conjugate	-	-	-	New	-	-***	97

Source: Alberta Health and Wellness, Disease Control and Prevention, CAIT Report 2413, data on childhood immunization are provided by regional health authorities and the First Nations Inuit Health Branch of Health Canada.

The number of doses is produced through the health regions immunization registries based on provincial policies. Population age two years is estimated from mid-year registry population file. Health Canada provides results for immunizations provided to children on First Nations reserves (42 out of 45 communities); these are included only in 2003. Data is based on the calendar year.

* This is the interim target with health regions moving towards 97 per cent as outlined in the Alberta Immunization Manual, 2001 in accordance with national standards.

** Based on preliminary data.

***Data not available for Meningococcal and Pneumococcal conjugates due to complex immunization schedules and challenges in data collection.

**** Data is restated as it is preliminary data in 2003/2004 Annual Report and it now includes children on First Nation reserves.

MEASURE 2.B

Per cent of seniors who have received the recommended annual influenza (flu) vaccine

The annual influenza season can have serious consequences on the health of older people, particularly those with chronic health conditions. Annual vaccination is recommended to reduce the severity of influenza on Albertans and on health system resources.

Vaccine distributed to regions continues to increase annually. Over 750,000 doses were distributed in 2004/2005. This is an increase of 200,000 from the previous year. Results are below target due to the vaccine shortage in the US demand for vaccine increased across Canada and some shortages were experienced. Alberta was able to maintain the provincially funded program; however, supplies for the private market were depleted early in the season.

Per cent of seniors who have received the recommended annual influenza (flu) vaccine

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	Target 2004/2005
Per cent of seniors aged 65 and older who have received the recommended annual influenza (flu) vaccine	67	67	66	68	69*	75

Source: Alberta Health and Wellness Disease Control and Prevention, data is collected from regional health authorities.
* Based on preliminary data.

MEASURE 2.C

Mortality rates for injury and suicide (per 100,000)

Injuries and suicide are a major cause of preventable death in Alberta. Alberta's injury and suicide rates are among the highest in Canada. Injury mortality rates in 2003 were similar to those of the past several years. There has been little change since 1998.

The Alberta Mental Health Board led the development of the Alberta Suicide Prevention Strategy, aimed at reducing suicide, suicidal behaviour and the effects of suicide in the provice. Alberta Health and Wellness also provides funding to the Centre for Injury Control and Research (ACICR) whch contributes to the reduction of the overall burden of injury in Alberta.

Mortality rates (per 100,000)

		1998	1999	2000	2001	2002	2003	Target 2004
Mortality rates for injury & suicide	Males	75	67	67	70	69	70	-
	Females	29	29	30	30	28	31	-
	All Albertans	52	48	48	50	49	50	45
Mortality rates for suicide	Males	23	24	20	24	22	21	-
	Females	6	6	7	7	6	7	-
	All Albertans	14	15	14	16	14	14	-

Source: Alberta Health and Wellness: calculated from Vital Statistics Death File and the Alberta Health Registration File (mid-year population estimates).
Results are based on ICD-10 diagnostic coding. Albertans whose deaths were coded as V01-Y98 (injury) and X60-X84, Y87.0 (suicide) within the Alberta Vital Statistics Death file are included in the results. Results are age standardized (per 100,000 population) to the 1996 Canadian Census population and exclude non-Alberta residents. The rates do not include Albertans who died in other provinces.

MEASURE 2.D

Screening rate for breast cancer

Regular mammography screening (every two years) for women age 50 to 69 has been shown to be effective in reducing breast cancer mortality rates. The provincial target is 75 per cent of women in this age group screened regularly. The results for 2002/2003 are very close to this target.

A new breast cancer screening program will actively support women who are typically underscreened to participate in screening. The program will include education, community and outreach programs for "hard to reach" groups of women — such as ethnic communities for which breast health is an especially sensitive matter.

Screening rate for breast cancer

	1996/1997	1998/1999	2000/2001	2002/2003	Target 2004/2005
Per cent of women age 50-69 receiving screening mammogram every two years	63*	69	71	74	75

Source: Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2002/2003); National Population Health Survey (NPHS) (1996/1997, 1998/1999).
The NPHS and the CCHS are conducted every two years by Statistics Canada, therefore no new data is available for 2004/2005. Approximately 1,200 Albertans are interviewed either by telephone or in person. The measure is the per cent of women aged 50 – 69 years who report having a mammogram for breast cancer screening in the past two years. Estimates for this measure are based on a smaller sub-sample of the NPHS, and may be accurate within eight per cent 19 times out of 20. [Note: The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution.] The CCHS includes a much larger sample of Albertans (14,000), and the estimates for this measure from the CCHS are accurate to within four per cent 19 times out of 20.
Includes women aged 50 to 69 who reported when they had their last mammogram for routine screening or other reasons. The values stated include the per cent of women who reported they have "Received a screening mammogram" or "Received a mammogram for otherreason" combined. The values have been adjusted for non-response.
*Results are restated for consistency with 2002/2003 methods.

Goal

3 Improved access to health services.

Albertans expect to have timely access to the health services they need. Alberta Health and Wellness sets standards for access to health services in collaboration with health authorities and service providers. Access standards include: wait times and geographic access guidelines for specific services. Alberta's approach to improving accessibility also includes greater opportunities for choice in the mode of health service delivery. Access standards and corresponding targets must reflect the complex interrelationships among different services and providers.

WHAT WE DID

Develop and implement access standards for selected services and an electronic booking system for the province.

- Alberta continues to improve access to health services for Albertans. An investment of $350 million in health services was announced on June 30, 2004. This investment was aimed at increasing bed capacity, reducing wait times for surgery, and addressing accumulated deficits of health authorities. Included in this funding was $150 million for health regions to acquire medical and diagnostic imaging equipment. The addition of new machines will provide more Albertans with access to magnetic resonance imaging (MRI) and computerized axial tomography (CT) scans. Regions have also increased the operating hours for MRI and CT machines in an attempt to reduce waiting times.
- Standards for access to hip and knee replacement, coronary artery bypass grafting, breast cancer treatment, MRI and CT scans were developed and are under review.

Expand participation in Alberta's Electronic Health Record.

- The Alberta Electronic Health Record (Alberta EHR) has been deployed to all nine health authorities and to 952 physicians and 715 pharmacists. This brings the total number of individual health providers with access to the Alberta EHR to 10,261.
- Four health professions have been added to the Alberta Provider Directory. The directory is a database of registered health providers who have been granted access to the Alberta EHR. A plan to deploy the directory to both internal and external information custodians to facilitate access to the record has been developed.
- A new regulation was approved under the *Health Professions Act* to authorize the collection, use and disclosure of provider information. This regulation allows for information on individual regulated health professionals to be added to the Alberta Provider Directory for purposes of health service delivery and planning. This enables appropriate management of provider access to the Alberta EHR.

Work tri-laterally with the Alberta Medical Association and health regions to implement changes to improve primary health care.

- Twelve regional physician groups received approval to develop business plans for Local

Primary Care Initiatives (LPCIs). Three of those have been approved to go forward – Edmonton Southside, Edmonton Westview and Bonnyville. These arrangements will provide a comprehensive range of primary care services to patients and will enhance access to family physicians for many Albertans.

- The Primary Care Claims Assessment System Enhancement Project was implemented. This project enables the ministry to provide registration, enrolment, payment and other information management services for Local Primary Care Initiatives. It will also enable the ministry and its partners to develop and support multi-disciplinary teams and physician/regional health authority networks.
- The Calgary Refugee Health Program was launched with the help of Alternate Relationship Plan funding. It provides a first point of contact for refugees with the health care system. A team of specialists provides initial health assessments, systematic screenings, maternal care and vaccinations. They also provide education on nutrition and reproductive health.

Ensure appropriate access to health services in rural and remote areas.

- Rural Alberta's shortage of medical manpower is being addressed through two initiatives aimed at attracting more medical students and family physician residents to rural practice. The first, a joint initiative with Alberta Advanced Education, is a bursary program for ten students per year under the Rural Physician Action Plan over six years. The plan requires recipients to commit to five years of rural practice once they have graduated. The second initiative is an expanded residency program under the Alberta Rural Family Medicine Network. It will allow ten more medical residents per year to experience rural family practice.
- Alberta's Telehealth Program Coordination and Scheduling System has been extended beyond Alberta's borders. It has been adopted at 17 sites in Nunavut as well as in areas of Saskatchewan and British Columbia. It is also used by Health Canada. Telehealth services include psychiatric counseling, pediatric care, physiotherapy, clinical discharge planning, case conferencing, and family visitation. Nunavut's Minister of Health and Social Services commented, "Our partnership with Alberta in this project is an example of working together for the health of Canadians." The system coordinates the telehealth activities of 261 telehealth sites in Alberta.
- The Telehealth Clinical Grant Fund allocated $3.3 million to support 24 new and 16 pre-existing projects over two years. Several of the projects support home telehealth in areas such as wound management, asthma management and cardiology. Funding for these projects enables health authorities and health service providers to provide better primary and specialist care in rural and under-serviced areas.
- Five clinical telehealth projects were extended to provide medical services to several First Nations communities. Funding was provided by the First Nations and Inuit Health branch of Health Canada. Telehealth is enabling health care to be extended to isolated and under-serviced communities in Alberta.
- Provincial access to the benefits of the Alberta Aids to Daily Living program was increased by training an additional 550 health care professionals to serve as authorizers. Approximately 50 per cent

of new authorizers work in rural Alberta regions, increasing access to medical equipment and supplies for rural Albertans.

Develop and implement guidelines for emergency health, trauma services and obstetrical services.

- The Alberta Provincial Trauma Proposal was developed and an implementation plan will be developed in 2005/2006 in collaboration with health regions and the Alberta Centre for Injury Control and Research.
- A revised plan was announced for the transfer of responsibility for ambulance services from local municipalities to the regional health authorities. Two discovery projects were initiated as the first phase of implementing the plan. One project is taking place in the Palliser Health Region and the other in Peace Country Health. The benefits and implications of the discovery projects will be evaluated by the newly established Ambulance Governance Advisory Council. The council will provide advice on how to proceed with the transfer of ambulance services.
- Guidelines for access to emergency health services will be phased into the regional health authority health plans. As part of Phase 1, regional health plans for 2004/2005 identified injury prevention strategies that have already been implemented or that are planned.

Promote options for continuing care that allow Albertans to "age-in-place."

- An increasing number of Alberta seniors were able to have their continuing care needs met in their place of residence rather than in an institution. This trend is evidenced by the decrease in the long-term care resident ratio from 74.1 per thousand in 2002/2003 to 70.5 per thousand in 2003/2004 for Albertans over 75 years of age.
- New investment in supportive living facilities as an alternative to institutional long term care in rural communities was announced by the Premier on June 30, 2004. Alberta Seniors, Alberta Health and Wellness and regional health authorities will be working together to create an estimated 750 new supportive living spaces. Supportive living facilities have lower operating costs and allow seniors to live independently in the community, while having their basic health and personal care needs met.

Complete Healthy Aging: New Directions for Care (Broda) report implementation through strategies focused on quality service, coordinated access, and consolidation and modernization of legislation.

- The Health Care Aide Provincial Curriculum was formally launched in February/March 2005 at workshops for employers of health care aides and for post-secondary educational institutions. Health care aides provide 70 per cent of the care hours in the continuing care sector. Approximately 300 employers and educators attended the workshops. They welcomed the implementation of a consistent, standardized curriculum throughout the province.
- The responsibility for accommodation services in continuing care was transferred from the Ministry of Alberta Health and

Wellness to the Ministry of Alberta Seniors and Community Supports on April 1, 2005. As a result, the full range of provincial services to seniors will be more effectively integrated.

- A special in-service training program for long term care staff who provide care to persons with Alzheimer's and other dementias was established. A total of 3000 frontline workers were trained through this program in 2004/2005. The program will improve the quality of care for this group of long-term care residents.

Protect Albertans from catastrophic drug costs.

- Options were developed to provide universal catastrophic drug coverage to limit the financial hardship for Albertans. This work, and related work on expensive drugs for rare diseases, is now being used in the development and implementation of a National Pharmaceuticals Strategy (NPS) under the leadership of Canada's health ministers.

Key Performance Measures and Results

MEASURE 3.A

Regional health authority achievement of targets based on clinical urgency for hip replacement, heart surgery, cancer radiation (breast and prostate), and MRI

Wait times for health services are one measure of how well the health system is doing. Patients whose needs are very urgent will receive immediate service, while patients with less urgent needs are placed on waiting lists. The Alberta Waitlist Registry[1] tracks current wait time information for a variety of services, excluding emergent patients. Patients have the opportunity to view wait times by facility and physician prior to scheduling an appointment. This allows them to be more informed on how long they can expect to wait for their procedure.

The ministry is working with health service providers and the regional health authorities to develop and implement specific guidelines for access to selected health services. The work includes wait time standards, guidelines for determining urgency and the development of management processes to ensure Albertans have timely access to these services.

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[1] http://www.health.gov.ab.ca/waitlist/WaitListPublicHome.jsp

Hip Replacement

The number of persons waiting for hip replacement surgery has slightly increased over the past year, along with the number of surgeries performed. The 90th percentile wait time has also increased over the past year from 45.4 weeks to 59.3 weeks.

With an aging population and people living a more active lifestyle, the demand for hip replacements has increased. At the same time, surgical procedures and artificial joints have greatly improved, making surgery safer and more effective. As a result, demand for these procedures are growing faster than for many other types of surgery.

New centralized orthopedic intake clinics are being prepared in Calgary, Red Deer and Edmonton to reduce waitlists for joint replacement surgery. The clinics will assess patients prior to surgery and assign them to surgeons. This will free up the time of orthopedic surgeons and allow them to provide 1,200 additional joint replacements. An arthroplasty pilot will test a new care path, with the goal of improving access to surgery and patient care.

Hip Replacement

	March 2004	June 2004	September 2004	December 2004	March 2005	Target 2004/2005
Total number waiting	1,664	1,879	1,856	1,924	1,663	-
Waiting time in weeks 50th percentile*	18.3	18.9	18.7	19.9	19.9	TBD
Waiting time in weeks 90th percentile**	45.4	49.9	55.1	57.1	59.3	TBD
Number of surgeries done	205	197	216	170	232	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.
Total number waiting is the number of people waiting on the last day of the month stated.
*50th percentile means that 50 per cent of patients wait that length of time or less and is calculated using data 90 days prior to the last day of the month.
**90th pecentile means that 90 per cent of patients wait that length of time or less and is calculated using data 90 days prior to the last day of the month.
Total number of surgeries done is the number of surgeries performed in the month stated.

Heart Surgery

The most common open-heart surgery in adults is the coronary artery bypass procedure. This is done to improve blood flow to the heart muscle, and is usually performed on middle-aged or older adults when their arteries have become blocked. It is a specialized service provided by Capital (Edmonton) and Calgary health regions for all Albertans.

Changes in management of care for heart disease, including new methods of treatment, were implemented to reduce the wait list and wait times for heart surgery. Some of these changes mean that some patients who would have received heart surgery in the past are now being treated successfully by other means (e.g., angioplasty). The ministry is working with health service providers and the health authorities to develop and implement specific guidelines for access to heart surgery.

Continuing initiatives to improve wait times include: 1) decreasing surgical postponements by reducing the number of post-surgery patients in the cardiac surgery and cardiology units, 2) working to achieve full staff complements across critical care units through targeted recruitment and retention initiatives, 3) increasing resources to wards and intermediate care beds, and 4) optimizing selection of patients for surgery to ensure efficient throughput from ICUs to wards. The Mazankowski Heart Institute in Edmonton is scheduled to open in 2005/2006 and will provide more resources for cardiac patient care, research, and education.

Heart Surgery (Coronary Artery Bypass Grafting CABG)

	March 2004	June 2004	September 2004	December 2004	March 2005	Target 2004/2005
Total number waiting	155	182	223	252	262	-
Waiting time in weeks 50th percentile*	0.9	0.7	0.7	1.0	1.0	TBD
Waiting time in weeks 90th percentile**	7.0	7.6	6.6	11.3	10.6	TBD
Number of surgeries done	135	118	120	102	119	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.

Total number waiting is the number of people waiting on the last day of the month stated.

*50th percentile means that 50 per cent of patients wait that length of time or less and is calculated using data 90 days prior to the last day of the month.

**90th pecentile means that 90 per cent of patients wait that length of time or less and is calculated using data 90 days prior to the last day of the month.

Total number of surgeries done is the number of surgeries performed in the month stated.

Cancer Radiation

During the past two years, average wait times for radiation therapy for breast and prostate cancer have remained above, or near the four-week target (reported in the 2003/2004 Ministry Annual Report). The ministry is working with the Alberta Cancer Board to develop and implement specific guidelines for access to these treatments.

A study is underway to examine the major expansion of the Cross Cancer Institute in Edmonton in response to projected increases in the need for cancer services over the next ten years. Under consideration are the expansion of ambulatory care services, additional radiation treatment vaults and a new Comprehensive Breast Centre. Other significant renovations to the facility and expansion of the research facilities are also being considered. Regions are in the process of developing and implementing integrated breast cancer treatment processes in an attempt to reduce the amount of time patients spend waiting for services.

There is ongoing collaboration with health authorities and cancer agencies across Canada to recruit and retain specialized cancer treatment staff. The Alberta Cancer Board is also working with universities to place fellows and oncology specialists within Alberta Cancer Board facilities.

Cancer Radiation: Average waiting time in weeks

		2003/2004				2004/2005				Target
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004/2005
Breast cancer	Cross Cancer	15.5	11.0	11.0	8.0	8.0	10.0	9.5	8.0	TBD
	Tom Baker	6.0	5.0	5.5	7.0	9.0	5.5	8.0	4.0	
Prostate cancer	Cross Cancer	9.0	14.0	12.5	20.0	16.0	15.0	14.0	7.5	TBD
	Tom Baker	7.0	7.0	6.0	5.5	6.0	5.0	4.0	2.0	

Source: Alberta Health and Wellness. Data provided by the Alberta Cancer Board, quarterly reporting.

Magnetic Resonance Imaging (MRI)

Over the past year, the number of patients waiting for scheduled MRI scans has decreased. The number of scheduled MRI cases completed has also increased, leading to a reduction in wait times. Emergency patients are seen immediately and inpatient MRI examinations are performed within 24 to 48 hours.

In consultation with regional health authorities and radiologists, a prioritization tool is being developed, which will allow radiologists to consistently categorize patients based on how urgently an MRI scan is needed. The goal is to establish maximum wait times based on priority levels.

Magnetic Resonance Imaging (MRI)

	March 2004	June 2004	September 2004	December 2004	March 2005	Target 2004/2005
Total number waiting	19,409	20,025	19,540	18,871	17,749	-
Waiting time in weeks 50th Percentile*	9.1	10.3	11.0	8.9	7.1	TBD
Waiting time in weeks 90th Percentile**	24.7	29.0	30.0	24.9	20.9	TBD
Number of scans completed	4,912	5,659	6,006	6,056	7,415	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.

Total number waiting is the number of people waiting on the last day of the month stated.

*50th percentile means that 50 per cent of patients wait that length of time or less and is calculated using data 90 days prior to the last day of the month.

**90th pecentile means that 90 per cent of patients wait that length of time or less and is calculated using data 90 days prior to the last day of the month.

Total number of surgeries done is the number of surgeries performed in the month stated.

MEASURE 3.B

Number waiting for long-term care facility placement: In acute hospital and urgent in community

Continuing a trend since 2002/2003, the number of persons waiting for long-term care facility placement has declined in 2004/2005. The decrease in number of persons waiting was an improvement, as targeted. As Alberta's population ages, the demand for long-term care placements increases. This is reflected in the increase of persons placed for 2004/2005 compared to previous years. These results reflect the success of new continuing care models, such as supportive living, which enable more Albertans to find living arrangements suited to their need for care.

Promotion of options for continuing care that allow Albertans to "age-in-place", and implementation of recommendations of the Healthy Aging: New Directions for Care (Broda) report contributed to the favorable changes in this measure.

Long-Term Care Placement

	2003/2004				2004/2005				Target
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004/2005
Number waiting in an acute care hospital	363	412	295	267	273	280	289	268	340
Number of urgent cases waiting in the community	504	442	406	339	395	394	319	272	457
Number of individuals placed*	1466	1564	1661	1593	1496	1478	1647	1674	-

Source: Alberta Health and Wellness. Data provided by regional health authorities, quarterly reporting, data submitted on an annual basis.

*Number of individuals placed was not disclosed in the 2003/2004 annual report.

MEASURE 3.C

Ratings of ease of access to health services: physician services and hospital services

Access to publicly funded health services is a fundamental principle of the health care system. Health services are made available to all Albertans through the public health system. The ministry's goal is to achieve reasonable access for all. Albertans' ratings for ease of access to physician and hospital services were at target levels in 2005. Since 2002, there has been very little variation in the results for either of these measures.

Ratings of ease of access to health services

	2001	2002	2003	2004	2005	Target 2005
Per cent rating that obtaining access to physician services as "very easy" or "easy"	86	84	86	85	86	86 (maintain)
Per cent rating that obtaining access to hospital services as "very easy" or "easy"	71	73	72	73	72	72 (maintain)

Source: Public Survey about Health and the Health System in Alberta, for 2001 – 2005, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by the HQCA (previously by Alberta Health and Wellness) and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 64 and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

For physician access, the question is asked only of respondents who report having received services from a physician within the past 12 months (approximate sample size of 3,000). The 95 per cent confidence interval for this survey is two per cent above or below the reported results. To assess ease of access to physician services, Albertans 18 and over were asked: "How easy or difficult was it for you to obtain physician services you received most recently from a physician in Alberta? Would you say it was very easy, easy, a bit difficult, or very difficult?"

For hospital access, the question is asked only of respondents who report having received services at a hospital (including inpatient, out-patient, or emergency services) in Alberta within the past 12 months (approximate sample size of 1,200). The 95 per cent confidence interval for this survey is three per cent above or below the reported results. To assess ease of access to hospital services, Albertans 18 and over were asked: "How easy or difficult was it for you to get hospital services you received most recently from a hospital in Alberta? Would you say it was very easy, easy, a bit difficult, or very difficult?"

Goal

4 Improved health service outcomes.

Albertans expect excellent care and positive health outcomes every time they use the health system. The ministry's role is to establish quality standards for safety, accessibility and effectiveness. The ministry not only updates standards, but develops new initiatives in response to technological advances, demographic changes and other factors.

WHAT WE DID

Promote quality standards for health services, such as patient safety.

- Priority rating tools were developed to determine urgency for magnetic resonance imaging (MRI) and computer axial topography (CT) procedures. These will enable better prioritization of patients waiting for MRI and CT examinations.
- Alberta's 2004 Report on Comparable Health Indicators was released. It is the second such report published since the 2000 agreement by all Canadian health ministries to provide regular reports of health and health care system performance based on comparable data. Common health indicators give us a standard way to compare health status, health outcomes and quality of service.

Use information from the Health Quality Council of Alberta to improve performance of Alberta's health system.

- The Alberta Health Quality Council was established in 2004 as an extension of the mandate of the former Health Services Utilization and Outcomes Commission. The Health Quality Council of Alberta report Satisfaction with Health Care Services: A Survey of Albertans 2004, conducted by Ipsos-Reid, shows that 81 per cent of Albertans rated the quality of health services as excellent, very good or good as compared to 74 per cent in 2003. The number of Albertans surveyed who reported satisfaction with their family doctor also increased from 81 per cent to 84 per cent. Information on the satisfaction of Albertans with the process for resolving complaints and concerns was included in the Council's 2004 survey. The proportion of Albertans with serious complaints has not decreased since last year (16 per cent). Albertans continue to be quite dissatisfied with the way their complaints are handled. Of the 16 per cent of Albertans with serious complaints, 62 per cent of them were dissatisfied with the way their complaints were addressed. Accessibility to health care represents one-third of the reasons for "serious complaints."
- Alberta Health and Wellness sponsored the Friends of the Emergency Room pilot project which is intended to improve public satisfaction with the emergency room waiting experience. The project is coordinated by St. John Ambulance at the Foothills Medical Centre in Calgary and the Royal Alexandra Hospital in Edmonton. The project began on November 1, 2004 and will conclude on October 30, 2005. The project will be evaluated and a final report will be prepared.

Help Albertans with chronic health conditions maintain optimum health through appropriately managed and coordinated care.

- The need for improved mental health care in Alberta has motivated innovative funding plans, under the tri-lateral master agreement, for two multi-disciplinary programs. The Collaborative Mental Health Care project team helps children six and under at risk of mental disorders by offering early professional assessment and intervention and treatment for them and their families that can significantly alleviate and even eliminate possible long-term consequences of mental disorders. The multidisciplinary team of two psychiatrists, a family physician and a group of nurses, social workers and psychologists, treats approximately 200 children a year. The Prevention through Risk Identification, Management and Education (PRIME) clinic provides early identification and treatment for persons with schizophrenia and serves adult patients at ultra-high risk for psychosis in an attempt to deal with mental disorders before they become serious. The multidisciplinary team, including three psychiatrists, a case manager, a registered nurse, a psychometrician, and a family therapist, handles approximately 50 patients per year and refers another 50 to other facilities.
- The Alberta Monitoring for Health Program, which provides financial assistance to low-income Albertans who require diabetic supplies including insulin and medication was enhanced. Approximately 18,000 Albertans received assistance through this program, twice the total of the previous year.

Ensure Albertans receive health services from the most appropriate facilities or providers.

- A revised capital planning manual was released on January 28, 2005 to all health regions. It sets out the guiding principles and process for identifying, assessing, planning and prioritizing infrastructure needs. The manual provides guidance for preparing multi-year capital plans, programming studies and business cases, sets out the rating criteria that ministries use to evaluate and prioritize proposed major capital projects, articulates the government project approval process and provides an introduction to alternative capital financing (ACF) approaches. The manual also reflects significant changes in accountability mechanisms and funding policies designed to provide health authorities with greater responsibility and autonomy for spending decisions using funds allocated to them for capital projects and programs. In addition to the release to the health regions, the capital planning manual was placed on the Alberta Health and Wellness web site at www.health.gov.ab.ca for ease of updates and access by architects and consultants who support health regions in preparing programming studies and business cases.
- Telehealth provides a two-way videoconference link that allows patients and providers to talk to physicians and specialists in another location. Clinical telehealth activity has increased by 43 per cent in the past year. Approximately 60,000 health care providers took part in educational activities via telehealth, an increase of 17 per cent. As a result, more Albertans were able to receive

health services and more providers were able to access continuing education without the necessity of long distance travel.

- Nurse practitioners have received identification numbers from the Alberta Health Care Insurance Plan that allow them to make referrals directly to medical specialists without the need to request a referral from family physicians. This will reduce the time it takes for patients to be seen by a medical specialist.

Refine mechanisms to deal with health care concerns and complaints.

- The process for responding to patient complaints and concerns will be improved through the regulations developed under the ***Regional Health Authorities Act and Cancer Programs Act***. Once the regulations come into force, amendments to the ***Ombudsman Act*** will be proclaimed. The Ombudsman will then have the authority to review the patient concerns resolution processes of health authorities. The Ombudsman's role is to ensure the processes are fairly administered.

Key Performance Measures and Results

MEASURE 4.A

Ratings of quality of care received: overall and hospital

These key measures reflect Albertan's views about the quality of services they received, based on their experiences with the health system. Results for 2005 indicate that Albertans surveyed report no change from the previous year in their rating of quality of care received overall. There was only a marginal decrease in the rating of quality of hospital care received in 2005. The results are close to target values.

The ministry is working to ensure that adequate levels of health professionals, equipment, medication and supplies are available to provide high quality health care to Albertans. Through such legislation as the *Health Professions Act* and the *Hospitals Act*, the ministry requires health professionals to practice in accordance with appropriate standards and health facilities to be managed appropriately.

Ratings of quality of care received

	2000	2001	2002	2003	2004	2005	Target 2004
Per cent reporting that the quality of the care they received overall was "excellent" or "good"	86	86	86	85	86	86	85 (maintain)
Per cent reporting that the quality of the care they received in hospital was "excellent" or "good"	83	80	81	83	81	80	83 (maintain)

Source: Public Survey about Health and the Health System in Alberta, for 2001 – 2005, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by the HQCA (previously by Alberta Health and Wellness) and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 64 and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

For quality of care personally received, the question is asked only of respondents who report having obtained health services within the past 12 months (approximate sample size of 3,200). The 95 per cent confidence interval for this survey is two per cent above or below the reported results. To assess quality of care received, Albertans 18 and over were asked "Overall, how would you rate the quality of care you personally have received? Would you say it was excellent, good, fair, or poor?"

For quality of care received in a hospital, the question is asked only of respondents who report having obtained health services in a hospital within the past 12 months (approximate sample size of 1,200). The 95 per cent confidence interval for this survey is two per cent above or below the reported results. To assess quality of care received, Albertans 18 and over were asked "Overall, how would you rate the quality of care you most recently received at the hospital? Would you say it was excellent, good, fair, or poor?"

MEASURE 4.B

Per cent of persons who have received a service who are satisfied with the way the service was provided

Satisfaction in how health services were provided is an important measure of quality. Albertans expect health services to be provided with respect for the dignity of each person. Health service providers should be approachable, friendly, good listeners, and able to answer questions while performing their duties in an efficient and professional manner. High satisfaction rates occur when expectations are met. Survey results show that, generally speaking, Albertans are very satisfied with the way health services are provided. Satisfied patients mentioned that service was "efficient and timely" or that it was "professional and friendly." Less than seven per cent of those surveyed were dissatisfied. These patients frequently noted "the provider did a poor job," "it took too long to get the service" or "the service was rushed."

From 2002 to 2005, the percentage of Albertans satisfied with the way services were provided (percentage responding "very" or "somewhat" satisfied), increased from 86 to 88 per cent, approaching the target of 90 per cent. Strategies for primary care, long-term care, chronic disease management, improved quality of health services and patient safety ensure Albertans' expectations are met each time they use the health system.

Per cent of persons who have received a service who are satisfied with the way the service was provided

	2001	2002	2003	2004	2005	Target 2005
Per cent who were "satisfied" or "somewhat satisfied" with the way the service they received was provided	88	86	87	89	88	90

Source: Public Survey about Health and the Health System in Alberta, for 2001 – 2005, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by the HQCA (previously by Alberta Health and Wellness) and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 64 and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Adult Albertans who reported they have obtained health services during the past 12 months (approximate sample size of 3,000) are asked about the service most recently received. The 95 per cent confidence interval for this survey is one per cent above or below the reported results. "How satisfied were you with the way the service was provided to you? Were you: very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or very dissatisfied?" The measure is the per cent responding "very satisfied" or "somewhat satisfied."

MEASURE 4.C

Success in treating people with chronic conditions in their communities: Ambulatory Care Sensitive Conditions hospitalization rates (per 100,000, age standardized)

Patients are sometimes admitted to hospital for conditions that could have been treated in an ambulatory care setting. A decrease in hospitalization may reflect a change in medical practice, but may also reflect better health service delivery at home and in the community.

The ministry has initiatives to ensure Albertans are receiving health services from the most appropriate facilities or providers with the best technology that responds to demographic changes and other factors. Appropriately managed and coordinated care helps Albertans with chronic health conditions receive the best treatment and care in their communities while maintaining an appropriate lifestyle.

Success in treating people with chronic conditions in their communities

	2003	Target 2004/2005
Hospitalization rate per 100,000, age standardized for Ambulatory Care Sensitive Conditions (ACSC)	434	460

Source: Canadian Institute for Health Information (CIHI), Hospital Morbidity Database

Age-standardized acute care hospitalization rate for conditions where appropriate amulatory care prevents or reduces the need for admission to hospital, per 100,000 population under age 75 years.

This definition of ACSC is based on the work of Billings et al.

Patients who died before discharge are excluded.

A measure of access to appropriate medical care. While not all admissions for ACSC are avoidable, it is assumed that appropriate prior ambulatory care could prevent the onset of this type of illness or condition, control an acute episodic illness or condition, or manage a chronic disease or condition. A disporportionately high rate is presumed to reflect problems in obtaining access to primary care.

Rates are not comparable to those published by Alberta Health and Wellness prior to June 2005 due to a change in the definition made by CIHI for ACSC.

MEASURE 4.D

Heart attack survival rate (30-day survival in hospital) (Three-year average for data)

Alberta's 30-day survival rate following a heart attack has increased slightly over the previous three years. The relatively high survival rates can be attributed to the quality of care provided by professional staff, supported by advanced diagnostic services and quality hospital care.

Heart attack survival rate

	1997 – 1999	1998 – 2000	1999 – 2001	2000 – 2002	Target 2002 – 2005
30-day survival rate in hospital – three-year average data (per cent surviving)	89.6	90.1	90.4	89.8	92

Source: Canadian Institute for Health Information, Hospital Morbidity Database.

30 day Acute Myocardial Infarction (AMI) in-hospital mortality rate: The risk adjusted rate of all causes of in-hospital death occurring within 30 days of first admission to an acute care hospital with a diagnosis of AMI. (Primary ICD-9 or ICD-9-CM diagnosis code of 410 or ICD-10 I21, I22).

MEASURE 4.E

Satisfaction with response to complaints about health services

Albertans expect the best possible care and outcomes every time they use the health system. Complaints about health services may be a reflection of how Albertans feel about the health system in general or the outcome they experienced from a particular health service. Rates of satisfaction with the way complaints are responded to is an appropriate measure for gauging the extent to which this expectation was met. The results for this measure declined markedly in 2005 from the previous year and were significantly below target. The ministry has set a fairly ambitious target to reflect the expectation of Albertans when a complaint is made. To respond to this expectation, the ministry has emphasized such strategies as, the promotion of quality standards for health services, including patient safety, and the refinement of mechanisms for responding to concerns and complaints.

Satisfaction with response to complaints about health services

	2002	2004	2005	Target 2007
Per cent who report that they are satisfied with the response to their complaint about health services	33	38	30	50

Source: Public Survey about Health and the Health System in Alberta, for 2002, 2004, 2005 conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by the HQCA (previously by Alberta Health and Wellness) and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 64 and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Albertans who reported making a complaint about a health service received (by them or someone living in their house) during the past 12 months (approximate sample size of about 200) are asked about satisfaction of the response to the claim. The 95 per cent confidence interval for this survey is about seven per cent above or below the reported results. "How satisfied were you with the response to your complaint?" The measure is the per cent of respondents reporting "Very Satisfied" or "Somewhat Satisfied"

Goal
5 Health system sustainability.

Alberta's health system faces the challenges of continuing population growth, increased public expectations, and rising costs. Alberta's ability to support the rising costs of health care depends on our success in maintaining a healthy, vibrant and diversified economy. All Albertans have a stake in making the provincial health system more sustainable and affordable. A major strategy in this direction is for both providers and patients to use the health system in an appropriate and responsible manner. The most important strategy, however, is for everyone to take positive steps to maintain and improve their own health and address the social and environmental factors that determine health. The determinants of health are also discussed under Goal 1. A multifaceted approach is necessary whereby educators, leaders of industry, political representatives, all levels of government and health service providers work together on long term strategies for health.

WHAT WE DID

Lead the Health Sustainability Initiative, which strengthens collaboration, integration and coordination across government ministries to enhance the sustainability of the public health system.

- The Health Sustainability Initiative (HSI) strengthens policy integration and collaboration among ministries so as to enhance the sustainability of the health system. Of the 20 HSI targets, 19 were achieved or exceeded. The target of reducing the prevalence of alcohol use during pregnancy among Alberta women from 3.9 per cent to 2.9 per cent is still in progress. In addition to broad public awareness campaigns, targeted programs for high risk women will continue. Final data for 2004/2005 will not be available until 2005/2006.

Provide leadership in federal / provincial relations to maintain Alberta's ability to meet local health needs.

- In September 2004, the First Ministers signed a ten-year agreement on health that provides a new framework for federal, provincial and territorial cooperation. The agreement focuses on reducing wait times, improving access, addressing human resource issues, and providing first dollar coverage for sub-acute home care. The agreement also supports primary care reform efforts, a national pharmaceuticals strategy and improved Aboriginal health care. The agreement provided Alberta with an additional $213 million in funding for 2004/2005. Additional funding will also be provided by the federal government under the remaining nine years of the agreement.

Collaborate with health authorities and other partners on integrated policy and planning initiatives.

- The Provincial Mental Health Plan was developed under the leadership of the Alberta Mental Health Board in collaboration with Alberta Health and Wellness, regional health authorities and other stakeholders. The plan provides strategic direction and a framework for continuous improvement and effective coordination of mental health services following the transfer of responsibility for the delivery of mental health services from the Alberta Mental Health Board to regional health authorities.
- The landmark Tri-lateral Master Agreement involving the ministry, the Alberta Medical Association and the regional health authorities has resulted in the establishment of several tri-lateral advisory and administrative bodies. The agreement allows the health system to move forward through innovations in service delivery and physician compensation. This, in turn, creates new opportunities for collaboration, integration of services, and improved continuity of care.
- An agreement was reached whereby responsibility for emergency helicopter ambulance service was transferred to the Calgary and Capital health regions in order to improve the coordination of services for critically ill or injured patients.
- As part of a strategy led by Alberta Seniors, Alberta Health and Wellness implemented the elimination of health care premiums for Albertans 65 years and older as part of an overall enhanced benefit package for seniors.
- Approximately $3 million in targeted funding was provided through the Enhancing Clinical Capacity Project Fund. This funding supports 11 projects that increase the capacity of health service organizations to provide students with new clinical learning opportunities. It also supports curriculum redesign and the use of simulation in training where appropriate.

Implement multi-year performance agreements with health authorities that promote innovation and collaboration, and set out performance expectations and deliverables.

- The Alberta Cancer Board and the Alberta Mental Health Board both signed two-year performance agreements. These agreements establish a framework for accountability and the achievement of planned results.
- By mutual agreement, regional health authorities and the Minister of Alberta Health and Wellness established a new accountability framework based on three-year health plans and one-year business plans. Health authorities are required to include in their plans the key expectations of the Minister that were identified in the multi-year performance agreement template.
- The health plans for 2004-2007 submitted by the nine regional health authorities were approved. These plans provide the framework for continued monitoring and reporting of health region performance.

Collaborate to evaluate alternative ways to finance programs not covered by the *Canada Health Act*, including cost-sharing approaches for a wide range of services.

- On June 30, 2004, government announced a broad health renewal plan for Alberta. The plan called for learning from leading health systems in the world as the basis for revitalization and renewal of Alberta's health system.

Work with key stakeholders on plans and initiatives, such as the Rural Physician Action Plan, to educate, recruit and retain the needed health workforce.

- The Alberta International Medical Graduate (AIMG) program was expanded. This program provides residency training to immigrant physicians where appropriate, and enables them to go on to practice in Alberta. Four new family medicine seats were added to the previous eight. For the first time, 16 specialist seats were funded. To date, eight AIMGs have graduated from the program.
- To increase the availability of community medicine specialists in the province, support was provided for two community medicine residency programs; one at the University of Alberta and the other at University of Calgary. These residency programs increase awareness about careers in community medicine. They provide two or three students per year with training rotations in regional health authorities and Alberta Health and Wellness. Training rotations for other medical students and residents are being offered to increase public health awareness by working on related projects.

Increase the flexibility of the health workforce within the provisions of the *Health Professions Act*.

- Regulations were developed under the *Health Professions Act* to include the dental technician profession. This brings the total number of health professions regulated under this Act to 10. In the coming year the remaining 18 health professions will be regulated under the Act. This will ensure that health professions are appropriately regulated and able to work to their full scope of practice.
- The Health Professions Act Employer's Handbook: A Guide for Employers of Regulated Health Professionals was published in June 2004. The handbook clarifies the key concepts of the *Health Professions Act* for the benefit of service managers, training colleges and other stakeholders.

Improve processes to evaluate the effectiveness and cost, and coordinate the implementation of new health care technologies, including drugs.

- Alberta's process for evaluating new technologies was strengthened with the establishment of the Alberta Advisory Committee on Health Technologies. The first technology reviewed using the committee's new process was laparoscopic adjustable gastric banding for the treatment of severely morbid obesity. The experience gained from this review was used to further refine the process. In the coming year, additional new health technologies and services will be reviewed as recommended by the committee.

- The Common Drug Review Process has resulted in greater consistency in public drug plan reviews across Canada. This process reduces the need for involved analysis and a duplication of efforts at the provincial level and facilitates the final review and approval process in Alberta. The improved drug review process results in faster drug plan coverage for beneficial new drugs. As of March 31, 2005, 21 drugs have been reviewed through this process with five being added to the Alberta Health and Wellness Blue Cross drug plans. The Common Drug Review process has enabled Alberta's drug review process to concentrate on other activities including assessing the benefit of new generic drug products as well as new preparations and uses of "old" and existing drugs. Reviews of currently covered drugs in three classes or treatment categories, including antibiotics, have been completed. The goal of the reviews is to ensure best value for dollars spent, consistency in drug coverage and effective program policies. Products that no longer offer treatment benefit were removed, others were added and some were reassigned to different coverage categories.

Implement integrated information systems, including the Alberta Electronic Health Record, that will support research and improve clinical and management decision-making.

- A three-year information management and technology plan for the Alberta Electronic Health Record (Alberta EHR) was agreed to by key stakeholders including health authorities, physicians and pharmacist association representatives.
- Province-wide security standards for the Alberta EHR were implemented.
- Central booking for access to primary care physicians in Calgary and Edmonton was established online through Health Link Alberta.
- The Regional Shared Health Information Program (RSHIP) links these regions to the Alberta EHR and enables physicians, pharmacists, hospitals, home care nurses and other providers across the province to share accurate and timely patient information in a secure environment. RSHIP was implemented in the David Thompson Health Region and the Northern Lights Health Region, and will be implemented in the five remaining rural regional health authorities over the next two years.
- The Physician Office System Program (POSP) puts computer systems in physicians' offices to enable use of the Alberta EHR and support better patient care. In 2004/2005, 442 new physicians joined the program, bringing the total to 40 per cent of the province's physicians.
- Implementation of the Continuing Care Systems Project (CCSP) continues. This includes the implementation of the interRAI assessment and care planning instruments for all long-term care facilities and home care settings. Fourteen facilities have implemented these instruments. Planning for the design of a provincial information system to receive, store and manage the interRAI data is underway. The interRAI instruments serve as the foundation for the new health service standards for continuing care, and will provide Alberta Health and Wellness with standardized data to support quality of care initiatives.

Lead implementation of health information management best practices, including privacy and security.

- A comprehensive privacy framework, including an Alberta EHR Data Stewardship Committee, was established to address issues related to information, communications technology and software applications. The comprehensive framework amalgamates all of the privacy and security requirements and makes them understandable to information custodians and Alberta's citizens. This helps to ensure the safety of health information through consistent practices.

Implement Information Management/ Information Technology Governance Council processes and structures to guide health sector investments in strategic information management and information technology.

- The Information Management/Information Technology Governance Council, a multi-stakeholder committee with public representation was established in 2002/2003 to guide provincial investment in information technology used by the health system.

The council is supported by a series of coordinating committees responsible for data stewardship and standardization of systems. In 2004/2005 the governance council oversaw provincial investment for health information technology initiatives, exclusive of on-going information technology, operational and ministry costs.

Key Performance Measures and Results

MEASURE 5.A

Public rating of health system overall

Albertans' perception of the health system is reflected in survey ratings of the health system. Ratings include perception about the quality of care, service accessibility, the manner in which the service was provided, and the patient-provider relationship.

Over the past few years, Albertans' overall rating of the health system has remained constant. Since 2003 the rating has been at or above the target. The ministry is working on health care strategies, including reform initiatives to ensure steady improvement.

Public rating of health system overall

	2001	2002	2003	2004	2005	Target 2004
Per cent rating the health care system overall as either "excellent" or "good"	68	62	65	65	67	65 (maintain)

Source: Public Survey about Health and the Health System in Alberta, for 2001 – 2005, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by the HQCA (previously by Alberta Health and Wellness) and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 64 and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Adult Albertans are asked: "Thinking about the health care system in Alberta, overall, how would you rate it? Would you say it was excellent, good, fair, or poor?"

MEASURE 5.B

Physical condition of health facilities

The physical condition of health facilities is an important factor in ensuring quality care. Results indicate that in 2004/2005, 71 per cent of health facilities were rated as being in good condition, 25 per cent were rated in fair condition and four per cent were rated in *poor* condition. The 96 per cent of facilities in good or fair condition exceeded the original target of 94 per cent. The percentage of health facilities in *good* condition, however, fell from 84 per cent in 2003/2004 to 71 per cent in 2004/2005, while the percentage of facilities rated in *fair* condition increased from 11 per cent in 2003/2004 to 25 per cent in 2004/2005.

As health facilities age, there will be an increased need for major repairs and/or renewal of building components. Major capital preservation projects and maintenance funding will address some of these needs.

Physical condition of health facilities

	2003/2004	2004/2005	Target 2005
Per cent of publicly owned health care facilities in fair or good physical condition	95	96	94

Source: Alberta Infrastructure and Transportation, HFPB Verification Ratings.

MEASURE 5.C

Per cent increase in provincial health expenses in relation to the per cent growth in provincial revenues

This performance indicator is intended to focus on the long term sustainability of Alberta's health system. Growth in health system expenditures should not exceed the province's ability to support those expenditures.

Based on the change from 2003/2004, the growth in both government revenues and Alberta Health and Wellness expenditures was approximately 13 per cent which is a significant increase. While these would indicate that the long-term target ratio of 1.0 has been achieved, it does not necessarily indicate that the health system is sustainable. It may only indicate that the increase in health expenditures is keeping pace with the increase in revenues. These revenues may not be sustainable in the long term and may give rise to expectations that cannot be met.

Per cent increase in provincial health expenses in relation to the per cent growth in provincial revenues

	2004/2005	Target 2005/2006	Target 2011/2012
Ratio of growth in health expenses to growth in provincial revenues	1.0	1.5	1.0

Source: Government of Alberta Annual Report.

MEASURE 5.D

Funding for services provided: Portion of provincial contribution and portion of federal contribution

Canadian provinces have been successful in negotiating additional funding from the federal government for health services. The 2004 First Ministers' Meeting Agreement, a ten-year plan to strengthen health care, provided a general increase for the Canada Health Transfer and short term funding for capital equipment and financial resources to reduce wait times and improve access to services. Increases in the federal contribution will support the development of a sustainable health system that meets the needs of the population while remaining affordable to the taxpayer.

Funding for services provided: A) Portion of provincial and B) Portion of federal contribution

	2003/2004	2004/2005	Target Long Term
Per cent of funding provided by the provincial government	81	79	75
Per cent of funding provided by the federal government	19	21	25

Source: Alberta Health and Wellness Annual Report.

MEASURE 5.E

Developing and maintaining workforce capacity

Alberta continues to recruit and retain health professionals critical to the operation of the health care system. Expanding the supply of health practitioners available in the health sector helps to improve access to health services and builds capacity to better adapt to the changing demands and dynamics of Alberta's population.

Annual per cent growth in Health Workforce Supply

	2004/2005	Target 2004/2005
Specialist Physicians	5	TBD
Non specialist physicians	3	TBD
Registered nurses	4	TBD
Pharmacists	5	TBD

Source: College of Physicians and Surgeons of Alberta (CPSA) Quarterly Reports (January 1 – March 31 2004, 2005); Alberta Association of Registered Nurses (AARN), College of Licensed Practical Nurses of Alberta (CLPNA), and Registered Psychiatric Nurses Association of Alberta (RPNAA) Annual Reporting Statistics (2003, 2004); Alberta College of Pharmacists Annual Reporting Statistics (2004).

Expansion of physician capacity

	2004/2005	Target 2004/2005
Increase in funded post-graduate medical seats	63	TBD

Source: Alberta Advanced Education.

Goal

6 Ministry organizational excellence.

In serving the needs of Albertans, the Ministry of Alberta Health and Wellness must excel in all its areas of responsibility. The ministry must deliver excellent customer service to Albertans, establish and maintain the necessary controls, systems, tools, business relationships and networks, ensure accountability, promote a culture of teamwork and learning and provide a supportive work environment. Achieving excellence means that all ministry organizational units must function harmoniously and support each other in the achievement of optimum performance.

WHAT WE DID

Improve the department's leadership and the quality of its contribution to Cross-Ministry Initiatives.

- Alberta Health and Wellness played a strong role in collaboration with other ministries in the achievement of the goals and targets of the following cross-ministry initiatives:
  - **Aboriginal Policy Initiative** – Alberta Health and Wellness, AADAC and the Alberta Solicitor General implemented 56 initiatives aimed at improving health and wellbeing among Aboriginal people. They include community based primary healthcare; mobile diabetes screening implemented in off-reserve and remote communities; Alberta Community HIV Fund; tobacco reduction; substance abuse awareness and prevention; and other wellness initiatives. For more detail see achievements under Goal 1 of this report.
  - **Children and Youth Initiative** – A cross-ministry approach has been developed to address the seven key issues identified by stakeholders related to the availability and accessibility of speech-language services. Pilot sites were established involving eight communities to enhance community capacity to prevent Aboriginal youth suicide: Lethbridge and the surrounding First Nations; High Prairie and the surrounding Métis Settlements; and Eden Valley First Nation.
  - **Economic Development Initiative** – The Alberta Health Survey, conducted annually by the department since 1995, was analyzed in 2003 and 2004 to compare results for urban and rural Albertans. The results will be used as a basis for making positive changes to the access and quality of health care in rural Alberta. The changes are reflected in the Rural Development Strategy, released in February 2005. The strategy consists of four pillars, of which health is one. Areas of emphasis include: 1) access to quality health services in rural Alberta; 2) the role of rural health regions in health renewal; and 3) opportunities for developing the economic potential of rural health care.

Deliver high quality information and client service through ministry direct operated programs.

- The Raise the Bar initiative was implemented in the telephone inquiries area of Alberta Health and Wellness to improve call quality, client satisfaction and increase employee productivity. The results of this initiative have been very positive as demonstrated by performance indicators. An independently commissioned survey showed that overall Call Centre client satisfaction increased from 88 per cent to 91 per cent (see Measure 6.B).

- Improvements were made to the Alberta Health Care Insurance Plan process for registering Albertans and issuing health cards. A new Registration Validation process was developed and implemented January 1, 2005. This new process requires all new applicants to provide documention to validate their identity, legal entitlement to be in Canada, and residence in Alberta, prior to coverage being granted. A new duplicate/replacement card process was also developed and implemented in November 2004 that adds additional rigor to the card replacement process.
- A business re-engineering project was conducted and the department is in the final stages of determining the optimum delivery model for Alberta Health Care Insurance Plan coverage. This project included an examination of the processes and systems used to register Albertans for health insurance. The enhanced delivery model will be implemented under the Client Connections initiative, which will, over the next few years, result in improved accessibility, more secure identification and better service for eligible health service recipients.
- In 2004/2005 the ministry started a project to determine the process of consolidating the health authorities' financial statements into those of the ministry and of the Government of Alberta. This new reporting requirement resulted from the government's acceptance of the Financial Management Commission's recommendation on Reporting Entity and the update to Section PS 1300 by the Canadian Institute of Chartered Accountants Public Sector Accounting Board. Working groups with representation from the health authorities and other government entities were established to review the issues and assess the impact of the consolidation on fiscal accountability. A dry run of the consolidation, on a modified equity basis, of the health authorities' financial results within the ministry's financial statements was undertaken with completion in July 2005. The initial results of the consolidation of the health authority financial statements are not reflected in the 2004/2005 ministry financial statements reported in this annual report. Government's tentative plans are to repeat the trial consolidation process for the 2005/2006 fiscal year, with full consolidated reporting commencing in the 2008/2009 reporting period.

Cultivate a supportive work environment that encourages teamwork and shared responsibility.

- An annual general meeting, attended by the Minister and Deputy Minister, provided staff with the opportunity to engage in interactive, knowledge building activities and dialogue with the Deputy Minister and the Assistant Deputy Ministers.
- Senior management was provided with the Corporate Employee Survey (CES) results for all divisions and an opportunity to discuss them. Action plans were developed to address the survey results with the involvement of employees. The Human Resource Plan was provided to all employees, and it was posted on the department intranet site.

Foster an organizational culture of learning and continuous improvement.

- A guidebook entitled We Can Be the Best We Can Be was developed and provided to all ministry employees in August 2004. The guidebook describes the roles and behaviours consistent with organizational excellence and a culture of learning. Discussions were held with senior management to reinforce those principles.
- The business resumption plans of branches and divisions were reviewed and updated to incorporate changes resulting from reorganization. An executive-level exercise of the plan provided further "lessons learned" which helped in refining the plans.

Maximize effectiveness of stakeholder networks and relationships.

- A multi-stakeholder steering committee was established to guide provincial initiatives and to maximize stakeholder involvement in information system development.

Enhance ministry performance through appropriate systems and tools.

- In April 2004, an internal and external HealthShare Portal was implemented to foster communication and information sharing in the development of ministry plans. Business areas now have the ability to share documents and participate in online discussions and meetings that are more cost effective and responsive.
- The desktop operating system was upgraded to Windows XP and the office productivity suite was upgraded to Windows Office 2003. The performance and reliability of the Local Area and Wide Area Networks has been improved by a complete overhaul and redesign of the network infrastructure.
- In 2004, Alberta Health and Wellness won three silver Premier's Awards of Excellence. The first was for the province-wide meningococcal immunization campaign. The second was for the province-wide metabolic screening program for newborns. The third was for the contribution of Alberta Health and Wellness as part of a cross-ministry group that carried out a cumulative impact assessment.
- The ministry also won four bronze Premier's Awards of Excellence in 2004. As part of a cross-ministry group Alberta Health and Wellness won bronze for the work done on the *Agricultural Operation Practices Act*. Alberta Health and Wellness also received bronze for the Alberta Electronic Health Record, the Alberta Health and Wellness Healthy U @ work program and for the Provincial Personal Health Identifier project.
- In 2005 Alberta Health and Wellness won two Premier's Awards of Excellence. The Alberta Waitlist Registry team received gold and the Regional Health Authority/Alberta Health and Wellness Physician Services Agreement Negotiations Team received silver.
- The performance of the ministry was strengthened through a series of achievements documented in the report Health Care in Alberta: Strong Today, Stronger Tomorrow. The achievements fall into four categories, primary health care, keeping Albertans healthy, improving health care quality and efficiency, and improving access to health services.
  - Improvements to primary care resulted from Health Link Alberta (a 24 hour information service), the tri-lateral agreement for physician services and new processes for establishing local primary care initiatives.

- Structures and processes for maintaining the health of Albertans included a smoker's helpline, the Framework for a Healthy Alberta and the Healthy U radio and TV campaign.
- Health care quality was improved through the expansion of the Alberta Electronic Health Record system, a major investment in long distance diagnostic and consultation services through telehealth, and a new provincial plan for improving mental health services.
- Access to health services for Albertans was enhanced through the Alberta Waitlist Registry and significant capital investment to increase hospital beds in Edmonton and Calgary.

Key Performance Measures and Results

MEASURE 6.A

Per cent of stakeholders reporting easy access to information

The effectiveness of stakeholder networks depends on the confidence stakeholders have in the quality of data available from Alberta Health and Wellness and their ability to access this data.

A new model for data access was implemented in October 2004, and evaluation will be completed in October, 2005. The ministry has created an external Data Access and Research Advisory Committee that is providing input into the new model and recommending mid-course changes. Anecdotal information as of June 2005 is that the new model is increasing external confidence in data accessibility. The new model will continue to increase trust and maximize the effectiveness of stakeholder networks. This will enhance quality of communication and data access. Data for this measure will be available in October 2005 and the ministry target is to be determined.

MEASURE 6.B

Per cent of Albertans reporting their inquiries to the department were handled satisfactorily

Satisfaction results continue to be strong due to focused efforts to increase productivity and quality in the call centre area. Call centre customer satisfaction ratings for 2004 reached an all time high of 91 per cent. The document processing area customer satisfaction results for the year were 87 per cent. The table below shows an aggregate satisfaction rating for all inquiries to the department.

Per cent of Albertans reporting their inquiries to the department were handled satisfactorily

	2000	2001	2002	2003	2004	Target 2004
Per cent of clients satisfied with department inquiry services.	86	85	82	88	89	85

Source: Alberta Health and Wellness: Customer Service and Registration Branch: Client Satisfaction Survey (CSR), conducted by Criterion Research Corporation; a telephone survey of 1,000 clients (500 for the document processing survey and 500 for the call center survey). Results for the entire sample are accurate within about four per cent 19 times out of 20.

MEASURE 6.C

Number of contacts regarding the Alberta Health Care Insurance Plan

Alberta Health and Wellness has been working towards providing the optimum delivery model for the Alberta Health Care Insurance Plan. The enhanced delivery model will, over the next few years, result in improved accessibility, more secure identification and better service for eligible health service recipients.

New initiatives introduced during the year to increase system security (such as new registration validation and duplicate card processes) created a requirement for telephone and face to face contact. Overall contact levels in these two areas did not show any significant decrease. However, we believe that increased clarity of department correspondence helped lead to a decrease in written contacts received.

Number of contacts regarding the Alberta Health Care Insurance Plan

	Average Number Per Day			
	2003/2004	2004/2005	Per Cent Change	Target 2004/2005
Telephone Calls	3,958	3,942	0%	Decrease in number of contacts as a result of increasing access to timely, quality information. Target TBD.
Walk-in Customers	451	444	-2%	
Documents Received	4,051	3,614	-11%	

Source: Alberta Health and Wellness – Client Services, Weekly and Monthly Statistical Reports

MEASURE 6.D

Satisfaction rating among other ministries with Alberta Health and Wellness' contribution to cross-ministry initiatives

Other government ministries continue to express satisfaction with the contribution of Alberta Health and Wellness to cross-government initiatives.

The Ministry of Alberta Health and Wellness works with other government ministries in order to achieve its goals and the goals of the government in general. Results from 2004 show a very high level of satisfaction among other ministries with the cross-ministry work of Alberta Health and Wellness. The 2004 result is slightly higher than results obtained in 2003 and above the 2004 target. The ministry continues to place a high priority on working with other government ministries, and has strategies in place to demonstrate effectiveness.

Satisfaction rating among other Ministries with Alberta Health and Wellness' contribution to cross-ministry initiatives

	2001	2002	2003	2004	Target 2004
Per cent of other ministry staff satisfied with Alberta Health and Wellness' contribution to cross-ministry initiatives	86	83	90	91	90

Source: Alberta Health and Wellness, survey (annual). "Satisfaction of other Ministries with Alberta Health and Wellness' Contribution to Cross ministry Initiatives." A total of 56 persons responded to the survey for a response rate of 85 per cent.

MEASURE 6.E

Per cent of Alberta Health and Wellness employees who report that the organization provides the support they need to acquire or develop knowledge and skills in their current jobs

To ensure areas for employee development are identified and addressed, learning plans are promoted and encouraged as part of the performance management process. Learning plans are part of employee performance agreements. Training in performance management is also provided.

Training in supervision and coaching has been provided to staff, building the leadership capacity of the organization.

Per cent of Alberta Health and Wellness employees* who report that the organization provides the support they need to acquire or develop knowledge and skills in their current jobs

	2003	2004	Target 2004
Per cent of Alberta Health and Wellness employees who report that the organization provides the support they need to acquire or develop knowledge and skills in their current jobs	76	75	78

Source: Alberta Health and Wellness, Government of Alberta Corporate Employee Survey conducted by Research Innovations Inc. 452 Alberta Health and Wellness employees were surveyed via the internet or by phone and results for the sample are accurate within about four per cent 19 times out of 20. Adjusted for non-response.

* Refers to department staff only.

Integrated
Results Analysis

This section of the report provides a discussion of how all the various results and accomplishments link together for a more complete picture of the health system in 2004/2005. The following is a discussion of what was achieved with the resources consumed. It puts individual financial results, performance measures and achievements into an overall health system context.

On June 30, 2004, the Alberta government announced significant new investments in health care totaling $700 million. Alberta Infrastructure received $350 million in capital funding for health facilities and Alberta Health and Wellness received $350 million for capital equipment and to improve access to services.

The additional $350 million has enabled the expansion of surgical service capacity to respond to increasing pressures and to reduce waitlists.

The following table summarizes the year's expenditures in relation to the budget allocation for each core business. The resultant variances and other factors affecting performance are discussed in relation to each core business area.

Core Business (in thousands)
Unaudited

	Budget	Actuals	Variance
1. Encourage and support healthy living	232,623	267,692	-35,069
2. Ensure quality health services	7,651,356	7,972,946	-321,590
3. Lead the health system	111,862	126,372	-14,510
Total	**$7,995,841**	**$8,367,010**	**-$371,169**

Core Business 1

This core business to encourage and support healthy living includes goals 1 and 2 of the ministry business plan for 2004-2007. The core business focuses on strategies that encourage Albertans to choose healthy lifestyles and protect Albertans from communicable diseases and other health risks. Actual spending for core business 1 was $35 million greater than budgeted. This was due in part to the Public Health and Immunization Trust (PHIT) funding announced by the federal government in March 2004. The PHIT funding supported projects such as the prevention of type 2 diabetes and other chronic diseases, the chronic obstructive pulmonary disease initiative and a campaign to curb risk taking behaviors of young adults. In addition, funding provided to improve patient safety during childbirth also contributed to the variance with the balance attributable to increased costs for the public health laboratories.

A number of diverse health promotion and public awareness initiatives were undertaken. Survey results, for those under the age of 65, show that close to 90 per cent of Albertans feel that their health is excellent, very good, or good. This past year, programs to educate Albertans about how to prevent type 2 diabetes was a major focus of attention. Research into health promotion has shown that tangible improvement in attitudes and behaviours can only be achieved through a sustained investment of time, effort and resources. Because of the close linkage between obesity rates and type 2 diabetes rates the trend of indicators such as body mass index and physical activity levels provides information on overall performance in this area. The performance measure results show little change over the past year; however, it is expected that the targeted improvement in these areas will take several years. Success in adopting healthy behaviors and reducing risk factors will require a concerted effort on the part of government, educators, community organizations, health service providers, advocacy groups and individual Albertans.

Childhood immunization is known to be an effective strategy for preventing communicable childhood diseases such as rubella, pertusis (whooping cough), and meningitis. While Alberta has one of the most comprehensive immunization programs in Canada, there is room to improve coverage rates. Alberta Health and Wellness aspires to immunize all Alberta children and to reach national targets. It is difficult to compare Alberta to other jurisdictions as immunization programs are implemented differently and coverage rates are calculated differently. However, it is estimated that Alberta's rates are similar to other jurisdictions. A broad range of strategies must be adopted to improve these rates. It is important to continue to educate parents about the benefits of protecting the health of their young children through immunization, and to reduce the length of time parents wait for an appointment. Over the next year a specific strategy to encourage parents to have their children receive all immunizations during one visit will be implemented.

Alberta Health and Wellness has a leadership responsibility for ensuring that effective structure, process and strategies are in place to safeguard the health of Albertans. However, the ministry cannot fulfill this responsibility through its efforts alone. Many other organizations such as regional health authorities, schools, voluntary organizations and municipalities play a pivotal role. The key to success lies in combining the unique strengths and capabilities in a common effort to promote health and influence the way people think and behave.

Core Business 2

This core business to ensure quality health services includes goals 3 and 4 of the ministry business plan for 2004-2007. The core business focuses on strategies to improve access to health services and to improve health service outcomes. Actual expenses for core business 2 were $322 million higher than anticipated. This is due primarily to the $350 million announced June 2004 that was provided to health authorities to improve access to services. Delays in starting up Local Primary Care Initiatives and a reduced funding requirement for the Physician Office System Program have helped to offset this additional expense.

To most Albertans the performance of Alberta's health system is determined by accessibility, that is, how easy or difficult it is to gain access to needed health services. The Health Quality Council of Alberta (HQCA) conducted a survey to measure satisfaction with health services. The 2005 survey results show that roughly 20 per cent of Albertans said it was difficult to access health care services. Concerns about access are commonly reflected in waitlists and wait times for major surgery such as hip or knee replacements. Additional funding has resulted in an increase in the number of hip and knee replacement surgeries.

In 2004/2005, 5,627 hip and knee replacements were performed. This represents an increase of 268 procedures over 2003/2004. Despite the increase in the number of procedures performed, the total number of Albertans waiting for hip replacement surgery remained constant and the average length of wait rose from 45 days in March 2004 to 59 days in March 2005. This indicates that recent increases in surgical capacity allowed more Albertans to receive these procedures. However, increases in overall demand have meant that the number waiting has not been reduced.

Future success in reducing waitlists and wait times for surgery will require reorganizing the delivery of service to address factors that affect patient flow, system bottlenecks and process inefficiencies. An arthroplasty pilot will test a new care path, with the goal of improving access to surgery and patient care.

The notion of quality includes appropriate, effective and safe service delivery. According to the 2005 HQCA survey results, 86 per cent of Albertans rate the overall quality of health services they received as good, very good, or excellent. The 30-day survival rates for heart attack victims admitted to hospital remains high at roughly 90 per cent. This is an indicator that acute hospital patients are receiving high quality care. Over the past five years there has been a steady reduction in the number of hospital admissions per 100,000 population for "ambulatory care sensitive conditions." "Ambulatory care sensitive conditions" are diagnostic categories which can be treated on an outpatient basis rather than requiring admission to a hospital bed. This performance measure result indicates the success of strategies aimed at providing the most appropriate care in the most appropriate location.

Appropriate care management strategies have the potential of reducing the cost of care on a case by case basis and reducing the length of time patients spend waiting for services. These strategies also allow patients the option of receiving care in community and non-institutional settings rather than having to rely on traditional hospital care. Rather than requiring patients to navigate through a complex array of services and providers, we must continue our efforts at enhancing multidisciplinary primary care, follow-up and case management services. The Local Primary Care Initiatives created under the tri-lateral master agreement are one solution the ministry is working on.

An important indicator of health system performance is the satisfaction of patients and their families with the response to their complaints. Survey results show a decline in satisfaction rates from 38 per cent in 2002 to 30 per cent in 2004. These results are well below the target of 50 per cent. The ministry will closely monitor the statistics for public satisfaction with the response to complaints and will look more closely into the underlying factors and processes.

Alberta is a national leader in the development of information technology and advanced systems to improve the quality and timeliness of care. Alberta's approach to the development and implementation of the Alberta Electronic Health Record (Alberta EHR) has led the way in rapid collection and use of data and information critical for quality care. The Alberta EHR has been deployed to all regional health authorities, to 952 physicians and 715 pharmacists. There are currently 10,261 health service providers with access to the Alberta EHR.

Core Business 3

This core business to lead the health system includes goals 5 and 6 of the ministry business plan for 2004-2007. The core business focuses on strategies to promote health system sustainability and ministry organizational excellence. Spending on core business 3 was $15 million higher than budgeted. This is due to higher than anticipated costs to support and maintain departmental information systems.

Achieving the long-term goal of sustainability in Alberta's health system means bringing the growth in health system expenditures in line with the average growth in government revenues. The overall increase in Alberta Health and Wellness expenditures was 13 per cent over the previous year. This matched a 13 per cent growth in total provincial revenues for the same period. Therefore, the resulting ratio of growth in health expenses compared to growth in provincial revenues was 1.0 which is well below the target of 1.5 (see Measure 5.C).

Although the shortage of physician manpower continues to exist in certain specialty areas, Alberta's track record in training, attracting and retaining physicians has been impressive. The total number of specialists has grown by five per cent and the total number of family physicians has grown by three per cent. We cannot be complacent, however, as a large number of physicians are expected to reach retirement age in the next decade while at the same time the population will continue to grow and age.

In September 2004, the First Ministers signed a ten-year agreement on health that provides a new framework for federal, provincial and territorial cooperation. Alberta will be taking the lead in developing a national pharmaceutical strategy, with a focus on high cost drugs for rare diseases and will play a major role in developing strategies to improve access and reduce wait times. Other areas of focus for collaborative work among federal, provincial and territorial jurisdictions are home care, primary care and Aboriginal health. In 2004/2005 the share of Health and Wellness program expense provided by federal contributions increased to 21 per cent compared to 19 per cent in 2003/2004. The new money provided by the federal government was intended to support provinces in reducing wait times and improving access. Beginning in 2005/2006 the Canada Health Transfer for all provinces will be $19 billion and will increase each year by six per cent until 2013.

The health system is a strong economic driver in Alberta's economy. Health system spending is beginning to be recognized for its potential as an economic generator in addition to an investment in improved health outcomes. This is demonstrated by the number of people employed in the sector, annual expenditures for health care supplies and services, health related research initiatives and the construction of health facilities. As of March 31, 2004, the number of health practitioner registrations recorded by the various colleges and associations totaled 83,497 people. Statistics Canada reports that in April 2005, 5.5 per cent of Alberta workers were employed in a health occupation. In 2004, total health care expenditures in Alberta were estimated at $13.687 billion[1]. The Alberta health system helps to attract external revenue and investment to support "made in Alberta" technologies, science, industry and research. It is important for Albertans to recognize and benefit from the many business and economic opportunities associated with the health system.

Looking Ahead

Premier Klein has reaffirmed government's commitment to public health care. As the Ministry of Alberta Health and Wellness proceeds with plans to give Albertans the best and most responsive health care in Canada, it will continue to explore the best practices and innovative ideas of health systems across this country, and around the world. Simply investing more money is not the answer to the challenges we face. Individual health care providers, health regions and other health system leaders must be prepared to look for better ways of delivering services that are innovative and responsive. The adoption of new and flexible approaches to health care will enable Alberta to meet the demands of a growing and aging population. Looking to the future, Alberta will continue to examine the benefits and feasibility of implementing the lessons learned from the world's leading health systems.

Among our top priorities in the coming years will be to help Albertans achieve and maintain optimum health. A special effort will be devoted to improving the health of children, youth and Aboriginal people. Albertans will be encouraged to take more responsibility for their own health and will have greater opportunities for choosing health related goods and services that best suit their needs. Albertans recognize that good health is not simply the absence of disease, but must take into account other health determinants such as economic prosperity, education, and the environment.

Alberta will introduce new models of primary health care that allow Albertans to have ready access to well coordinated, multi-disciplinary care. These include new approaches that fully integrate mental health and addiction services with other health care programs. New and emerging health technologies and information systems present additional opportunities and challenges. Alberta will continue to invest in beneficial new technologies and drugs to improve quality, efficiency and effectiveness. The Alberta Electronic Health Record, telehealth and other advances in communication and information technology are powerful tools in improving the timeliness and accuracy of services. They will shape the health system of the future. Over the next year, discussions will continue on what we heard at Alberta's Symposium on Health (Calgary, May 2005) and how we can apply what was learned to improve health system performance and sustainability.

[1] CIHI National Health Expenditure Trends 1975 – 2004, Table B.1.1p127

Challenges and Opportunities

The future of Alberta depends on the health and wellbeing of Albertans now and in the years to come. Alberta is home to one of Canada's best health care systems, but Albertans continue to look for improvements in the way it serves their needs. Over the last year, innovations in key areas have laid the foundation for improved accessibility, integration and cost-effectiveness. But the goal of maintaining a high quality health system brings with it many issues and challenges.

The first challenge is to meet the needs of a growing and aging population. Alberta's cities continue to expand and are starting to face health problems related to urban sprawl. People living in communities dependent on cars have fewer opportunities for walking to their destinations. This, in turn, leads to a higher incidence of obesity and chronic disease. Alberta Health and Wellness and public health leaders have an opportunity to work with municipalities and urban developers to address these health concerns.

New drugs and technological advances are contributing to increased costs. Drugs represent the fastest growing area of health expenditure in Alberta. For example, high priced "orphan drugs" – pharmaceutical, chemical or biological products for rare diseases or conditions – are becoming a priority.

Maintaining a quality health system depends on having an adequate supply of well trained health care workers. Large numbers of additional health professionals will be needed to staff new facilities and replace those ready for retirement. Shortages of health workers make it difficult to provide the care Albertans need. These shortages affect rural areas the most. The Ministry of Alberta Health and Wellness is working with stakeholders to address these issues through the Rural Physician Action Plan. The plan seeks to train and attract physicians to serve rural Alberta. Measures must also be taken to increase enrolment in educational programs that train health professionals and change how health care is delivered. Initiatives for recognizing the credentials of immigrant health professionals are underway.

In 2005, the ministry enters a new round of negotiations with the AMA and health authorities under the framework of the tri-lateral master agreement. The challenge here will be to maintain the spirit of partnership and innovation created in the last round of negotiations and to continue to move forward with the advancements coming out of the agreement.

Quality improvement and patient safety are a matter of concern to local, regional and provincial health system leaders. Safeguards and mechanisms to anticipate and prevent adverse events such as medication and technical errors must be strengthened. Supportive organizational, professional and legal environments are needed to encourage the reporting of adverse events and the prompt implementation of corrective action. The rapid and accurate transmission of health information is part of the answer. Tools such as the Alberta Electronic Health Record (Alberta EHR) can improve the quality and safety of patient care. The Alberta EHR makes health information readily available at all points of care; this will reduce delays in treatment and support providers in making decisions.

Spending on health care in Alberta and across Canada has been growing at a much faster rate than the economy overall. Federal and provincial governments are striving to control health care spending so as to achieve the best value for every health dollar spent. Financial discipline, sound stewardship and fair allocation processes are needed to sustain health services while remaining within budget. Achieving health system sustainability requires cooperation and compromise on the part of governing authorities, system managers, professional associations, and bargaining units. By leveraging the unique contributions of various partners, by ensuring the best use of Alberta's knowledge and intellectual capital, and by developing innovative ways of delivering services, we will gradually bring health expenditures in line with anticipated revenues.

Albertans expect their health system to provide timely, efficient and safe services. However, there will always be situations that cannot be controlled. For example, we do not know the exact timing of the next influenza pandemic; however, experts from the World Health Organization and the Public Health Agency of Canada predict that a pandemic is imminent. Alberta Health and Wellness will continue to manage stockpiles of medical supplies, antiviral drugs and vaccines. Through surveillance and effective communications the health system is prepared to respond to any public health emergency.

Alberta's growing Aboriginal population faces a variety of health challenges. The delivery of health services to remote or isolated Aboriginal communities is difficult. Over the next year, the ministry will implement and expand strategies to improve Aboriginal health and will do so in collaboration with Aboriginal leaders, health authorities and service providers.

One in five Canadians will be affected by mental illness during their lifetime. The overall prevalence of mental illness in Canadian children and adolescents at any given time is about 15 per cent. Mental illness is having a significant economic impact on individuals, families, workplaces and the health care system. The new Mental Health Innovation Fund will help regional health authorities improve services in keeping with the provincial mental health plan.

Chronic disease leads to high costs for the health system and is a burden on families and society. This leaves less money for education, infrastructure and the environment. Health promotion campaigns take many years to have a significant impact on lifestyle and health. Children who have health issues are more likely to struggle with the same issues as adults. Addressing the health problems of the younger generation constitutes a sound investment for the future. New government programs will address unhealthy body weight, sexually transmitted infections, developmental problems and tobacco use among children. Another priority issue includes finding ways to limit children's access to sexual and violent content on the Internet.

Finally, in a recent report, Alberta's Auditor General focused public attention on the need to improve the quality and monitoring of long-term care for seniors. Alberta Health and Wellness will implement standards for supportive living, assisted living, long-term care facilities and home care. The ministry will also continue to work with regional health authorities and other key stakeholders to increase staffing levels in long-term care.

Alberta Alcohol and Drug Abuse Commission (AADAC)

MISSION

Making a difference in people's lives by assisting Albertans to achieve freedom from the harmful effects of alcohol, other drugs and gambling.

CORE BUSINESSES, GOALS AND PERFORMANCE MEASURES

AADAC's mission is undertaken through three core businesses: information, prevention and treatment. Programs and services to address the needs of the general population and specific groups are integrated across these core businesses.

AADAC area offices, clinics, institutions and funded services are located in 48 Alberta communities. Individuals and families have access to basic addiction services where they live and work, with more specialized programs available on a regional or provincial basis.

Goal

1 To inform Albertans about alcohol, other drug and gambling issues and AADAC services.

AADAC provides Albertans with current and accurate information on alcohol, other drugs and gambling. Information management and dissemination creates greater awareness of addiction issues and AADAC services, and is required to support the development and delivery of prevention and treatment programming. Information and resource materials are available through AADAC offices and clinics, and are accessible on the AADAC website at **www.aadac.com**.

WHAT WE DID

- AADAC worked with the Canadian Centre on Substance Abuse, Health Canada and others to develop a national research agenda in support of Canada's Drug Strategy. As a member of the Canadian Addiction Survey National Advisory Committee, AADAC assisted in the release of the Canadian Addiction Survey (CAS) results during the 2004 National Addiction Awareness Week. Results provide current information on national and provincial prevalence and patterns of alcohol and illicit drug use.
- AADAC developed five new resources to support the Commission's Enhanced Services for Women (ESW). These resources provide information on the effects of substance abuse during pregnancy. In addition, AADAC held 15 ESW Health Kit training events for staff and community stakeholders, and distributed over 500 copies of the ESW Help Kit to allied professionals working with women.
- AADAC implemented a corporate knowledge/information management strategy that focused on records disposition and management, updates to AADAC's corporate website and re-development of AADAC's intranet.

Key Performance Measures and Results

MEASURE 1.1

Percentage of Albertans who are aware of AADAC services

Albertans who are aware of AADAC services are more informed about where to get information on alcohol, other drugs and problem gambling.

Awareness of AADAC services

	2002/2003	2003/2004	2004/2005	Target 2004/2005
Percentage of Albertans who are aware of AADAC services	89	89	88	90

Source: AADAC Public Opinion Survey (2003); Alberta Survey (2004, 2005).

For 2004/2005, AADAC contracted the Population Research Laboratory, University of Alberta to ask about awareness of AADAC. Data were collected through telephone interviews of 1,208 randomly selected Albertans aged 18 years and older (response rate = 26.3 per cent). The margin of error for these results is ± 2.8 per cent, 19 times out of 20. Respondents were asked: "Prior to me phoning you today, were you aware of the Alberta Alcohol and Drug Abuse Commission, or AADAC?"

MEASURE 1.2

Percentage of women who are aware that alcohol use during pregnancy can lead to lifelong disabilities in a child

Alcohol consumption during pregnancy can have long-term effects on childhood development. Offering a range of prenatal prevention programs can reduce the number of children born with the lifelong disabilities of fetal alcohol spectrum disorder (FASD).

Awareness of effects of alcohol use during pregnancy

	1999/2000	2003/2004	2004/2005	Target 2004/2005
Percentage of women who are aware that alcohol use during pregnancy can lead to lifelong disabilities in a child	89	99	99	90*

Source: Environics Research Group, Health Canada (2000). Awareness of the effects of alcohol use during pregnancy and fetal alcohol syndrome – Results of a national survey. This nation wide survey of 1,205 respondents aged 18 to 40 included 902 women. For the sample of women, the response rate was 29.4 per cent and the margin of error was ± 3.3 per cent, 19 times out of 20.

Alberta Survey (2004, 2005). AADAC contracted the Population Research Laboratory, University of Alberta, to ask about awareness of harms associated with alcohol consumption during pregnancy. For 2003/2004, data were collected through telephone interviews of 1,207 randomly selected Albertans aged 18 years and older (response rate = 38.3 per cent) that included 600 women. The margin of error is ± 2.8 per cent, 19 times out of 20. For 2004/2005, data were collected through telephone interviews of 1208 randomly selected Albertans aged 18 years and older (response rate = 26.3 per cent) that included 605 women. The margin of error is ± 2.8 per cent, 19 times out of 20.

Respondents for the surveys were asked: "True or false – alcohol use during pregnancy can lead to life-long disabilities in a child?"

* The 2004/2005 target was based on results from the survey conducted by Environics Research Group for Health Canada (2000). The target for 2005/2006 has been adjusted based on results from the 2003/2004 Alberta Survey.

DISCUSSION

In 2004/2005, 88 per cent of Albertans surveyed indicated they were aware of AADAC. Results were within two per cent of the 90 per cent target. Ninety-nine per cent of Alberta women surveyed were aware that alcohol use during pregnancy could lead to life long disabilities in a child, exceeding the target of 90 per cent. Results for these two measures indicate Albertans are informed about the services offered by AADAC and the risk of alcohol consumption during pregnancy.

Goal

2 To prevent the development of and reduce the harms associated with alcohol, other drug and gambling problems.

AADAC provides programs and services to prevent alcohol, other drug and gambling problems, and reduce the harms associated with substance use and problem gambling. Prevention strategies are intended to increase protective factors and reduce risk factors for the population as a whole, and within specific groups.

WHAT WE DID

- In 2004/2005, AADAC continued to lead and coordinate the Alberta Tobacco Reduction Strategy.
  - To address tobacco use by youth, AADAC expanded local implementation of two provincial programs through schools and sport organizations. The Alberta Spit Tobacco Education Program (ASTEP) focuses on raising awareness of the dangers of spit tobacco use among youth involved in junior hockey, football and rodeo. Sport for Life promotes the benefits of an active, tobacco-free lifestyle and is a partnership between AADAC, Alberta Health and Wellness and the Calgary Olympic Development Association.
  - AADAC launched a public awareness campaign targeting prevention, cessation and protection from second-hand tobacco smoke. The campaign included four television ads along with a print and poster campaign.
- AADAC worked with the Alberta Gaming and Liquor Commission (AGLC) to implement the Enhanced Problem Gambling Strategy that included problem gambling awareness training and the development of new resources for gaming operators and AGLC staff. AADAC continued to deliver problem gambling awareness training for VLT (video lottery terminal) operators throughout the province.
- AADAC supported the re-launch of a multi-media fetal alcohol spectrum disorder (FASD) prevention campaign, Your Decision, Baby's Future, in partnership with Children's Services, the Alberta Medical Association and the Alberta College of Physicians and Surgeons.
- AADAC partnered with the Alberta School Board Trustees to develop and pilot three local school-based prevention strategies. AADAC also participated in Teacher Conventions across the province to profile school-based prevention activities.

Key Performance Measures and Results

MEASURE 2.1

Prevalence of smoking among Alberta youth

Because most regular smokers start at an early age, activities focusing on youth prevention are key to reducing the number of smokers in Alberta. A decline in the prevalence of smoking by Alberta youth will have positive long-term impacts on the health care system.

Smoking among Alberta youth

	2000/2001	2002/2003	Target 2004/2005
Prevalence of smoking among Alberta youth (in per cent)	18	14	16*

Source: Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001). Daily and occasional smoking combined for Albertans 12–19 years of age. The CCHS includes a sample of Albertans 12 years and older (n = 14, 456). The response rate at the national level is 84.7 per cent.

Statistics Canada: Canadian Community Health Survey (CCHS) (2003). Daily and occasional smoking combined for Albertans 12–19 years of age. The CCHS includes a sample of Albertans 12 years and older (n = 13,871). The response rate at the national level is 80.6 per cent.

Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas.

*The 2004/2005 target was based on results from CCHS 2000/2001. The target for 2005/06 has been adjusted based on results from the 2003 CCHS.

MEASURE 2.2

Prevalence of regular, heavy drinking among young Albertans

A pattern of regular, heavy drinking is associated with a higher risk of experiencing alcohol-related harm. Prevention programs targeting young Albertans are intended to reduce acute and chronic problems associated with this pattern of alcohol consumption.

Regular, heavy drinking among young Albertans

	2000/2001	2002/2003	Target 2004/2005
Prevalence of regular or heavy drinking among young Albertans (in per cent)	34	31	33*

Source: Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2003). Regular, heavy drinking is defined as the consumption of five or more alcoholic drinks per drinking occasion, at least once per month during the previous year for Albertans 15 to 29 years of age.

For 2000/2001, the CCHS included a sample of Albertans 12 years and older (n = 14,456). The overall response rate for Alberta was 85 per cent. For 2003, the CCHS included a sample of Albertans 12 years and older (n = 13,871). The overall response rate for Alberta was 82.7 per cent.

Note: Health Surveillance, Alberta Health and Wellness produced Albertans 15 to 29 years of age custom tabulations. For 2000/2001, the 95 per cent confidence interval for a sample of Albertans 15 to 29 years of age was 31.9 – 36.7. For 2003, the 95 per cent confidence interval for a sample of Albertans 15 to 29 years of age was 28.9 – 32.2.

Excluded from the CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas.

* The 2004/2005 target was based on results from CCHS 2000/2001. The target for 2005/2006 has been adjusted based on results from the 2003 CCHS.

DISCUSSION

Prevalence of smoking and rates of regular, heavy drinking among young Albertans have declined since 2001. These declines are better than AADAC's targets. Of Albertans who participated in the Canadian Community Health Survey, 14 per cent of those aged 12 to 19 years were current smokers (target 16 per cent) and 31 per cent aged 15 to 29 years were regular heavy drinkers (target 33 per cent).

Results suggest that prevention activities are having a positive influence on the prevalence of smoking and regular, heavy drinking among young Albertans.

Goal

3 To provide treatment programs and services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems.

AADAC offers a broad continuum of treatment services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems. Treatment is aimed at adults, youth and their families who display significant problems. Services include community-based outpatient counseling, day programs, crisis and detoxification services, short- and long-term residential treatment, and overnight shelter. Specialized programs are available for youth, women, Aboriginal Albertans, business and industry referrals, and persons with opioid dependency or cocaine addiction.

WHAT WE DID

- AADAC extended residential gambling treatment services to the Northern Addictions Centre in Grande Prairie, added tobacco cessation programming to Lander Treatment Centre in Claresholm, and introduced a new day treatment program for women through AADAC Counselling and Prevention Services in Edmonton.
- AADAC provided start-up funding to the Safe Harbour Society for the delivery of shelter and detoxification services to the residents of Red Deer and other central Alberta communities.
- AADAC participated in the development of the Bridges program in partnership with Capital Health and the Alberta Solicitor General. This youth residential addiction treatment program targets young male offenders (12 to 17 years) sentenced to open custody, who have been assessed as having co-existing mental health and addictions problems.
- As a member of the Non-Prescription Needle Use Consortium, AADAC co-chaired the Opioid Dependency Treatment (ODT) Provincial Coordinating Committee. This interdisciplinary committee oversees the delivery of ODT services in the province and addresses issues related to service availability, access, acceptability and quality of care.

Key Performance Measures and Results

MEASURE 3.1

Percentage of clients who are satisfied with AADAC treatment services

To increase the probability of success, it is important that treatment programs meet the needs and expectations of clients receiving these services. AADAC surveys clients to assess their level of satisfaction with treatment services received.

Satisfaction with AADAC treatment services

	2001/2002	2002/2003	2003/2004	2004/2005	Target 2004/2005
Percentage of clients who are satisfied with AADAC treatment services	95	95	96	95	95

Source: AADAC Treatment Follow-up Survey database. Client satisfaction was assessed from two sources. Results from both sources were combined and weighted to provide total client satisfaction (n = 8,878).

An independent private research contractor conducted follow-up telephone interviews with treatment clients. Clients entering treatment services who gave consent for follow-up (excluding detoxification) were eligible for telephone interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. A random sample of 7,048 clients was telephoned three months after treatment completion. A total of 2,579 clients were interviewed and asked to rate their level of satisfaction with services received (response rate = 36.6 per cent). The margin of error is ± two per cent, 19 times out of 20.

Client satisfaction with detoxification was measured by a self-administered feedback survey given to clients at the end of service. Of the 11,424 client receiving detoxification services, 6,299 surveys were returned (response rate = 55.1 per cent).

MEASURE 3.2

Percentage of clients reporting they were improved following treatment

AADAC offers a continuum of treatment services that address the individual needs of clients. The intended outcome is client abstinence or an improved level of recovery. AADAC measures client improvement following treatment to ensure that programs are effective.

Improvement following AADAC treatment

	2001/2002	2002/2003	2003/2004	2004/2005	Target 2004/2005
Percentage of clients reporting they were improved following treatment	93	94	93	92	95

Source: AADAC Treatment Follow-up Survey database. Client improvement was assessed using the same process as in client satisfaction source (1) above. Number of clients interviewed, response rate and margin of error are as above. Clients were interviewed and asked about their level of substance use and gambling. Improvement was indicated if clients were "abstinent" or "improved" three months after treatment.

DISCUSSION

In 2004/2005, the target for client satisfaction with treatment services was met; 95 per cent of clients surveyed reported they were "somewhat satisfied" or "very satisfied" with the treatment services received. The high level of satisfaction suggests treatment programs are meeting client expectations.

In 2004/2005, the target for clients reporting improvement following treatment was not met. However, results still remain very positive with 92 per cent of clients surveyed reporting improvement three months after treatment. The change since 2002/2003 may be attributed to increasing complexity of addiction issues and client need. Results indicate that the intended outcome of abstinence or improved level of recovery continues to be achieved.

Cross-Ministry Initiatives

AADAC supported the Health Sustainability Initiative (HSI) through continued membership on the Partnering Deputies Committee and activities carried out through the Alberta Tobacco Reduction Strategy, AADAC's Enhanced Services for Women and AADAC's Youth framework.

AADAC contributed to the Aboriginal Policy Initiative (API) through membership on the interdepartmental committee responsible for the API. AADAC also provided funding for 19 community tobacco prevention, education, and cessation initiatives for Aboriginal Albertans living off reserve.

In support of the Alberta Children and Youth Initiative (ACYI) AADAC continued to participate on committees such as the Interdepartmental Committee on Family Violence and Bullying. In addition, AADAC co-chaired the Cross-Ministry Committee on Fetal Alcohol Spectrum Disorder (FASD) that drafted the Provincial FASD Strategic Plan.

AADAC also continued to chair the Provincial Advisory Committee on Illicit Drugs and is leading the development of a comprehensive Alberta Drug Strategy (ADS). The ADS promotes a coordinated approach and community-based response to drug issues in the province.

AADAC participated on the Edmonton Drug Strategy Steering Committee and helped to host the Edmonton Community Drug Strategy Workshop. AADAC also co-hosted (with the Alberta Solicitor General) the Alberta Workshop on Methamphetamine: An Environmental Scan held in Red Deer. The workshops examined the nature and extent of methamphetamine concerns in Alberta and considered broader issues associated with substance use.

AADAC contributed to corporate key administrative initiatives through activities such as the completion of an updated disaster recovery plan and the provision of information and supports to employees to promote healthy choices and a safe work environment. To enhance professional development, AADAC offered 57 courses to support a core-training curriculum for AADAC staff and allied professionals.

Future Challenges

Substance use and gambling problems occur at all levels of society and within communities throughout Alberta. At some point in their lives, many Albertans will experience personal problems related to alcohol, other drugs or gambling. Others will face difficulties because of someone else's addiction.

Demand for AADAC services has increased and is likely to continue. AADAC's priority will be to maintain access to the existing provincial system of addiction services. Continued research and ongoing commitment to partnerships will be required to consolidate and extend service reach. The growing demand for services also requires a deliberate focus on extending services where potential impact will be greatest. Therefore, challenges will include completing the range of services for youth and enhancing specialized services for Aboriginal people, women, seniors and people with opioid dependence.

Individuals, families, communities and governments all contribute in effectively responding to problems related to alcohol, other drugs and gambling. AADAC emphasizes working in partnership and sees the development of an Alberta Drug Strategy designed to support communities, and interdepartmental and cross-sector partnerships, as key ways to increasing overall system co-ordination and capacity.

CHANGES TO PERFORMANCE MEASURES INFORMATION

New or Changed Key Performance Measures for 2004/2005 Annual Report:

For 2004/2005 several new measures were added to better reflect the new directions and objectives of the Ministry of Alberta Health and Wellness 2004-2007 Business Plan. They focus on healthy lifestyles and the sustainability of the health care system.

- Per cent of Albertans who smoke (new).
- Per cent of Alberta youth (age 12 – 19) who smoke (new).
- Per cent of Albertans who are "active or moderately active" (new).
- Per cent of Albertans with "acceptable" body mass index (BMI) (new).
- Pneumococcal and Meningococcal Immunization coverage rates (new).
- Regional health authority achievement of targets based on clinical urgency (changed). The data collection, analysis and metrics have changed compared to previous years. Data is now collected from the Alberta Waitlist Registry. Data is updated and is no longer gathered quarterly except for cancer data which remains the same.
- Success in treating people with chronic conditions in their communities – Ambulatory Care Sensitive Conditions hospitalization (new).
- Heart attack survival rate (30-day survival in hospital) (new).
- Satisfaction with responses to complaint about services (new).
- Public rating of health system overall (new).
- Physical condition of health facilities (new).
- Per cent increase in provincial health expenses in relation to the per cent growth in provincial revenues (new).
- Funding for service provided – A) portion of provincial contribution and B) portion of federal contribution (new).
- Developing and maintaining workforce capacity (changed). Changed to provide actual numbers, not just the per cent change.
- Number of contacts regarding the Alberta Health Care Insurance Plan (new).
- Per cent of Alberta Health and Wellness employees who report that organization provides the support they need to acquire or develop knowledge and skills in their current jobs (new).

Key Performance Measures to be discontinued after the 2004/2005 Annual Report:

For 2005/2006 several measures will be discontinued. These measures are reported by other organizations or do not reflect the success of the health system overall and therefore belong as part of the Ministry's internal operational planning and reporting process.

- Ratings of ease of access to health services - a. physician services and b. hospital services. This is a subjective measure; wait lists and wait times provide a more accurate picture of access in the health care system.
- Rating of quality of care received - a. overall and b. hospital. The results for this measure are similar to the ratings for the health system overall and do not provide any additional information.

- Per cent of persons who have received a service who are satisfied with the way the service was provided. The results for this measure are similar to the ratings for the health system overall and does not provide any additional information.
- Satisfaction with response to complaints about health services. This measure is reported by regional health authorities.
- Physical condition of health facilities. This measure is reported by Alberta Infrastructure and Transportation.
- Per cent increase in provincial health expenses in relation to the per cent growth in provincial revenues. Extremely high non renewable resource revenue distorts this measure and does not give an accurate picture of the financial sustainability of the health care system.
- Funding for services provided: A) Portion of provincial contribution and B) Portion of federal contribution. Contributions by the federal government for the next six years have been agreed to as a result the First Ministers' Meeting in September 2004. Reporting in this area will be part of that process.
- Per cent of Albertans reporting their inquires to the department were handled satisfactorily. This measure does not reflect the performance of the health system and has been incorporated into the Ministry's operational planning and reporting process.
- Number of contacts regarding the Alberta Health Care Insurance Plan. The focus of Goal 6 will be substantially changed. This measure has been incorporated into the Ministry's operational planning and reporting process.
- Satisfaction rating among other ministries with Alberta Health and Wellness' contribution to Cross-Ministry Initiatives. The focus of Goal 6 will be substantially changed. This measure has been incorporated into the Ministry's operational planning and reporting process.
- Per cent of Alberta Health and Wellness employees who report that the organization provides the support they need to acquire or develop knowledge and skill in their current jobs. The focus of Goal 6 will be substantially changed. This measure has been incorporated into the Ministry's operational planning and reporting process.
- Per cent of Alberta youth (age 12 – 19) who smoke. This is retained in the AADAC section of the ministry annual report. AADAC is responsible for the Alberta Tobacco Reduction Strategy and smoking rates are reported in their portion of the annual report.
- Per cent of Albertans who smoke. AADAC is responsible for the Alberta Tobacco Reduction Strategy.
- Cancer Radiation Therapy: Average waiting time will be replaced by a five-year cancer survival rate.

New Key Performance Measures for 2005/2006 Annual Report:

For 2005/2006 several new measures were added to better reflect the new directions and objectives of the Ministry of Alberta Health and Wellness 2005-2008 Business Plan. The new plan will focus on wellness and prevention of chronic diseases. Greater emphasis will also be placed on maintaining a contemporary health workforce. The new measures reflect healthy lifestyles and ensuring an adequate supply of health workers. These measures are better indicators of the success of target health promotion and disease prevention initiatives or are comparable with other provinces and countries.

- Life expectancy at birth – Source: Statistics Canada.
- Per cent of low birth weight babies – Source: Alberta Vital Statistics Birth File.
- Per cent of Albertans age 12 and over who eat at least five to ten servings of fruit and vegetable each day – Source: Statistics Canada.
- Number of new cases of type 2 diabetes per 1,000 population at risk – Source: Alberta Health and Wellness, Health Surveillance.
- Age adjusted rate of newly reported HIV cases per 100,000 population – Source: Alberta Health and Wellness, Health Surveillance.
- Rates of newly reported sexually transmitted infections (STI) per 100,000 population – Source: Alberta Health and Wellness, Health Surveillance.
- Motor vehicle related mortality rate per 100,000 population – Source: Vital Statistics and the Alberta Health Death Registration Database.
- Screening rate for breast cancer – (will exclude mammograms for diagnostic purposes – source remains the same: Statistics Canada).
- Percentage of households spending over five per cent of household income after taxes on prescription drugs – Source: Statistics Canada.
- Percentage of Albertans who have used Health Link Alberta – Source: HQCA.
- Number of physicians in Alternate Relationship Plans (ARP) – Source: Alberta Health and Wellness ARP Status Update Database.
- Number of postgraduate medical education seats – Source: Alberta Health and Wellness, Workforce Policy and Planning.
- Number of health workforce practitioners – Source: Registration numbers from respective professional colleges; annual publications as well as Alberta Labour Force Statistics.
- Five-year Cancer Survival Rate – Source: Alberta Cancer Board.
- Number of care providers accessing the Alberta Electronic Health Record – Source: Alberta Health and Wellness, Wellnet.

Financial
Information

Ministry of Health and Wellness

Consolidated Financial Statements

March 31, 2005

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Health and Wellness as at March 31, 2005 and the consolidated statements of operations and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As disclosed in Note 2, the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. PSAB has recently revised the definition of the Government reporting entity for implementation for years commencing on or after April 1, 2005. If all organizations referred to in Note 2(a) had been included in the accompanying statements, I estimate that assets and liabilities would increase by approximately $4.9 billion and $1.4 billion respectively as at March 31, 2005.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 20, 2005

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		2004
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 209,274	$ 209,274	$ 196,380
Transfer from the Government of Canada	1,625,112	1,736,615	1,412,722
Premiums and Fees	950,999	942,579	963,529
Other Revenue	77,973	89,154	82,278
	2,863,358	2,977,622	2,654,909
Expenses - Directly Incurred (Note 2c (v) and Schedules 3 and 6)			
Program			
Regional Health Services	4,506,899	4,731,009	4,085,950
Diagnostic/Medical Equipment	49,640	199,640	49,600
Province-Wide Services	454,309	454,311	414,962
Physician Services	1,521,600	1,537,438	1,571,272
Non-Group Health Benefits	531,623	516,899	466,051
Allied Health Services	77,500	71,091	67,002
Protection, Promotion and Prevention	176,518	200,037	168,457
Human Tissue and Blood Services	137,000	122,330	122,488
Other Provincial Programs	185,659	181,804	130,348
Alberta Alcohol and Drug Abuse Commission	66,157	67,455	61,001
Health Reform	115,745	88,571	53,482
Ministry Support Services	116,334	125,352	112,931
Systems Development	15,494	6,955	15,533
	7,954,478	8,302,892	7,319,077
Statutory (Schedule 3)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	63,053	46,723
Other Write-Offs	-	57	39
	41,363	63,110	46,762
Provision for Vacation Pay	-	1,008	532
	41,363	64,118	47,294
	7,995,841	8,367,010	7,366,371
Net Operating Results	$ (5,132,483)	$ (5,389,388)	$ (4,711,462)

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2005

(in thousands)

	2005	2004
ASSETS		
Cash (Note 3)	$ 18,780	$ 28,016
Accounts Receivable, Loans and Advances (Note 4)	600,678	161,873
Consumable Inventory	5,974	5,578
Tangible Capital Assets (Note 5)	67,471	57,318
	$ 692,903	$ 252,785
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	$ 490,356	$ 379,582
Unearned Revenue (Note 7)	639,305	291,279
	1,129,661	670,861
NET LIABILITIES		
Net Liabilities at Beginning of Year	(418,076)	(277,306)
Net Operating Results	(5,389,388)	(4,711,462)
Net Transfer from General Revenues	5,370,706	4,570,692
Net Liabilities at End of Year	(436,758)	(418,076)
	$ 692,903	$ 252,785

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005	2004
Operating Transactions		
Net Operating Results	$ (5,389,388)	$ (4,711,462)
Non-cash items:		
Amortization of Tangible Capital Assets (Schedule 3)	7,340	6,552
Inventory Consumed	28,223	24,206
Health Care Insurance Premium Revenue Write-offs	63,053	46,723
Other Write-Offs	57	39
Provision for Vacation Pay	1,008	532
	(5,289,707)	(4,633,410)
(Increase) in Accounts Receivable and Inventory	(501,611)	(61,968)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	109,766	(33,755)
Increase in Unearned Revenue	348,026	200,250
Cash (applied to) Operating Transactions	(5,333,526)	(4,528,883)
Capital Transactions		
Acquisition of Tangible Capital Assets	(17,493)	(13,243)
Acquisition of Consumable Inventory	(28,920)	(24,003)
Transfer of Tangible Capital Assets	-	100
Cash (applied to) Capital Transactions	(46,413)	(37,146)
Investing Transactions		
Loans and Advances	(3)	-
Repayment of Loans and Advances	-	145
Cash Provided by (applied to) Investing Transactions	(3)	145
Financing Transactions		
Net Transfer from General Revenues	5,370,706	4,570,692
Increase (Decrease) in Cash	(9,236)	4,808
Cash, Beginning of Year	28,016	23,208
Cash, End of Year	$ 18,780	$ 28,016

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

Note 1 Authority and Purpose

The Minister of Health and Wellness (Minister) has, by the *Government Organization Act* and its regulations, been designated responsibilities for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Health and Wellness (Ministry).

The purpose of the Ministry is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Ministry leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Ministry sets direction, policy and provincial standards that ensure quality services and sets priorities based on health needs, determines the scope of financial, capital and human resources required, and measures and reports on the performance of the system. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Health and Wellness. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Health and Wellness	*Government Organization Act*
Alberta Alcohol and Drug Abuse Commission	*Alcohol and Drug Abuse Act*

The accounts of Regional Health Authorities, the Alberta Cancer Board, and the Alberta Mental Health Board are not included in these consolidated financial statements as these accountable organizations are not considered to be part of the Ministry pursuant to section 1(1)(g) of the *Government Accountability Act*.

Details on balances are disclosed in Notes 4 and 6 and funding to health authorities and provincial boards are included in Schedule 6 to the financial statements under the following programs:

	(in thousands)
Funding to health authorities and provincial boards	
• Regional health services	$ 4,731,009
• Diagnostic and medical equipment	199,640
• Province wide services	454,311
• Physician services - On Call Programs	71,040
• Non-Group Health Benefits	4,611
• Allied Health Services	304
• Health Reform	54,644
• Other Provincial programs	15,593
• Protection, Promotion and Prevention	57,100
	$ 5,588,252

PSAB has released new guidance that controlled entities are to be included and how they are to be included effective April 1, 2005. This may affect how the Ministry reports accountable organizations such as the Regional Health Authorities, the Alberta Cancer Board and the Alberta Mental Health Board depending on whether control exists. The Ministry has agreed in principle to include the financial statements of these entities commencing from fiscal year beginning April 1, 2006, if it is determined that control exists.

(b) Basis of Consolidation

Revenue and expense transactions, investing and finance transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Transfers from the Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Established Programs Financing entitlements are recorded based on management's estimate of amounts applicable to the fiscal year. Overpayments relating to Canada Health Transfers and other transfers received before revenue recognition criteria have been met are included in accounts payable.

(iv) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

(v) Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- inventory consumed.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(ix) Valuation of Financial Assets and Liabilities (continued)

The fair values of cash, accounts receivable, loans and advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

(x) Payments under Reciprocal and Other Agreements

The Ministry entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these consolidated financial statements.

Amounts paid and recovered under these agreements are disclosed in Note 10.

(xi) Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, amounting to $142,592 (2004 - $124,269) is subject to measurement uncertainty.

The allowance for doubtful accounts, in the amount of $142,592 (2004 - $124,269) as reported in Note 4 to these consolidated financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2005 and past collection patterns. The actual amount collected could vary from that estimated.

The accrual for claims payable to physicians in the amount of $50,321 (2004 - $67,820) is subject to measurement uncertainty. The amount is based on actual payments made subsequent to March 31, 2005 and an estimate for any future payments within the 180 days claim period.

Note 3 Cash

(in thousands)

The cash balance consists of the following:

	2005	2004
Department of Health and Wellness Bank Account	$ 7,898	$ 18,322
Alberta Alcohol and Drug Abuse Commission Consolidated Cash Investment Trust Fund	10,871	9,684
Accountable Advances	11	10
	$ 18,780	$ 28,016

Note 4 Accounts Receivable, Loans and Advances

(in thousands)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value
Accounts receivable	$ 741,477	$ 142,592	$ 598,885	$ 158,115
Amounts due from health authorities and provincial boards	21	-	21	48
Other receivable	1,765	-	1,765	3,706
Loans and advances	7	-	7	4
	$ 743,270	$ 142,592	$ 600,678	$ 161,873

Accounts receivables are unsecured.

Note 5 Tangible Capital Assets

(in thousands)

	2005				2004
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Systems development Work in progress					
Wellnet projects		$ 5,023	$ -	$ 5,023	$ 4,258
Others		5,191	-	5,191	3,116
		10,214	-	10,214	7,374
Computer hardware and software	3-10 years	80,577	24,603	55,974	49,783
Equipment	10 years	1,466	183	1,283	161
		82,043	24,786	57,257	49,944
		$ 92,257	$ 24,786	$ 67,471	$ 57,318

Note 6 Accounts Payable and Accrued Liabilities

(in thousands)

	2005	2004
Accounts payable	$ 168,921	$ 113,128
Accrued liabilities	193,752	223,854
Amounts due to Health Authorities and Provincial Boards	118,606	34,509
Accrued vacation pay	9,077	8,091
	$ 490,356	$ 379,582

Note 7 Unearned Revenue

(in thousands)

	2005	2004
Changes in unearned revenues are as follows:		
Cash received / receivable during the year:		
Health Care Insurance Premiums	$ 29,799	$ 30,447
Health Services for Persons with Hepatitis C	5,300	1,013
Third Party Recoveries	71	11
Canada Health Transfer / Canada Health & Social Transfer	100,494	248,298
Wait Times Reduction Transfer	429,974	-
Public Health and Immunization Trust	40,200	-
Institution Fees	37	30
	605,875	279,799
Less amounts recognized as revenue in the year	(257,849)	(79,549)
Increase during the year	348,026	200,250
Balance at beginning of year	291,279	91,029
Balance at end of year	$ 639,305	$ 291,279
Balances at end of year are comprised of:		
Canada Health Transfer / Canada Health & Social Transfer	$ 199,873	$ 248,298
Health Care Insurance Premiums	29,799	30,447
Health Services for Persons with Hepatitis C	15,012	12,493
Third Party Recoveries	41	11
Public Health and Immunization Trust	27,189	-
Wait Times Reduction Transfer	367,354	-
Institution Fees	37	30
	$ 639,305	$ 291,279

Note 8 Contractual Obligations

(in thousands)

As at March 31, 2005, the Ministry has the following contractual obligations:

	2005	2004
Specific programs commitments [a]	$ 2,088,751	$ 3,533,251
Service contracts	66,328	59,475
Equipment leases [b]	234	307
	$ 2,155,313	$ 3,593,033

[a] Included in 2005 specific programs commitments is an amount of $1,458,849 (2004 - $2,787,773) for the provision of insured medical services by physicians under the agreement signed with the Alberta Medical Association.

[b] The Ministry leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	Specific Programs Commitments	Service Contracts	Equipment Leases	Total 2005
2006	$ 1,756,223	$ 42,901	$ 109	$ 1,799,233
2007	93,029	22,512	70	115,611
2008	75,985	915	39	76,939
2009	55,390	-	16	55,406
2010	57,167	-	-	57,167
Thereafter	50,957	-	-	50,957
	$ 2,088,751	$ 66,328	$ 234	$ 2,155,313

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $122,330 (2004 - $122,488). Budgeted expenditure for the 2006 fiscal year is estimated at $137,000.

Note 9 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

At March 31, 2005, the Ministry was named as defendant in forty specific legal actions (2004-forty-one specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in twenty-nine specific legal actions approximates $554 million (2004 – thirty specific legal actions approximates $555 million). For the other eleven claims, no specified amount has yet been claimed (2004 - eleven claims have no specified amount); the amount of these claims will be determined at trial.

Thirty-nine of these claims (2004 – forty claims) are covered by the Alberta Risk Management Fund with twenty-eight claims amounting to $80 million (2004 - twenty-nine claims amounting to $81 million) and eleven claims had no specified amount. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Ministry made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2005 the unpaid balance of the Ministry's commitment to the financial assistance package was $13,043,265 (2004 - $13,721,265).

Equity Agreements with Voluntary Hospital Owners

The Ministry has a contingent liability for buy-out of equity under Equity Agreements entered into between the Ministry and Voluntary Hospital Owners. The Ministry's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2005, the contingent payout liability upon termination is estimated at $14.3 million (2004 - $17.2 million).

Notifications to terminate certain equity agreements have been received by the Ministry. In 2004 - 2005, the Ministry expensed $7.0 million (2004 - $1.7 million) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure, then transferred the hospital assets to regional health authorities under lease agreements. The regional health authorities will record the buildings and equipment at their net book value.

Other

At March 31, 2005, the Ministry was named as defendant in twenty-five other legal actions (2004 – twenty legal actions). Twenty-four of these claims have specified amounts totaling $48.0 million (2004 – twenty claims with a specified amount of $25.0 million). Included in the total legal actions are twenty claims amounting to $21.8 million (2004 – eighteen claims amounting to $24.0 million) in which the Ministry has been jointly named with other entities. Fourteen claims amounting to $17.8 million (2004 – sixteen claims amounting to $21.4 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 10 Payments under Reciprocal and Other Agreements

(in thousands)

The Ministry entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Ministry pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include regional health authorities, Provincial Health Boards and physicians.

The Ministry also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infostructure at the national level. In addition, the Ministry entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2005					2004
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ -	$ 23,549	$ (19)	$ 3,707	$ 27,237	$ 30,299
Add: Payments made during the year	266	154,844	-	2,944	158,054	134,239
	266	178,393	(19)	6,651	185,291	$ 164,538
Less: Collections received during the year	266	135,017	-	2,209	137,492	137,301
Less: Adjustments made during the year	-	-	-	2,757	2,757	-
Closing receivable (payable) balance	$ -	$ 43,376	$ (19)	$ 1,685	$ 45,042	$ 27,237

Note 11 Defined Benefit Plans

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,115 for the year ended March 31, 2005 (2004 – $4,975).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of $268,101 (2003 – $290,014) and the Public Service Pension Plan reported a deficiency of $450,068 (2003 – $584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of $9,404 (2003 – $9,312).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of $11,817 (2004 – $9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of $3,208 (2004 – $1,298). The expense for these two plans is limited to employer's annual contributions for the year.

Note 12 Comparative Figures

(in thousands)

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 13 Subsequent Event

Effective April 1, 2005, responsibility for the Alberta Aids to Daily Living (AADL) program was transferred from the Ministry of Health and Wellness to the Ministry of Seniors and Community Supports. The expenses for this program in 2004-2005 amounted to $82,288.

Note 14 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		2004
	Budget (Schedule 4)	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 209,274	$ 209,274	$ 196,380
	209,274	209,274	196,380
Transfers from the Government of Canada:			
Canada Health Transfer/Canada Health & Social Transfer	1,096,791	1,191,435	1,136,440
Health Reform Fund	150,497	150,347	99,676
Wait Times Reduction	-	62,621	-
Diagnostic/Medical Equipment Fund	49,640	99,736	49,585
Other	328,184	232,476	127,021
	1,625,112	1,736,615	1,412,722
Fees:			
Health care insurance:			
Premiums before premium assistance	910,772	1,039,380	1,058,043
Less:			
Premium assistance under legislation	-	(141,700)	(135,820)
	910,772	897,680	922,223
Add:			
Penalties	17,172	20,061	17,398
Interest and miscellaneous	466	181	168
Health care insurance premiums, penalties and interest	928,410	917,922	939,789
Blue Cross:			
Premiums before premium assistance	21,000	25,116	24,174
Less premium assistance	-	(1,973)	(1,978)
Blue Cross premiums	21,000	23,143	22,196
Total premiums	949,410	941,065	961,985
Other	1,589	1,514	1,544
	950,999	942,579	963,529
Other revenue:			
Third party recoveries	62,333	64,787	62,970
Miscellaneous:			
Previous years' refunds of expenditure	1,400	13,457	7,850
Other	14,240	10,910	11,458
	77,973	89,154	82,278
Total revenues	$ 2,863,358	$ 2,977,622	$ 2,654,909

Schedule 2

MINISTRY OF HEALTH & WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall)/ Excess
Health Care Insurance Premiums[b]	$ 928,410	$ 917,922	$ (10,488)
Non-Group Drug Benefits[c]	21,000	23,143	2,143
Primary Health Care Initiative[d]	12,136	11,823	(313)
Health Services for Persons with Hepatitis C[e]	7,300	2,782	(4,518)
Alberta Telehealth Initiative[f]	1,050	1,100	50
Multi-Jurisdictional Health Lines[g]	3,563	1,546	(2,017)
Infoway Pharmaceutical Information Network [h]	9,781	4,500	(5,281)
Statistical Information[i]	200	61	(139)
Government Sponsored Drug Plans[j]	700	2,198	1,498
Chronic Disease Management Infostructure[k]	3,750	2,021	(1,729)
Infoway Provider Registry Project[l]	990	-	(990)
Diabetes Surveillance[m]	60	60	-
	$ 988,940	$ 967,156	$ (21,784)

[a] Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Physician Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Ministry provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Non-Group Health Services expense classification.

[d] Health Canada is providing funding to support primary health care initiatives that will be undertaken by the province. Total funding of $54.7 million will be provided for this initiative and will be used in the areas of proposal development, Health Link implementation, capacity-building fund and administration. Expenses associated with this initiative are included in the Statement of Operations under the Other Provincial Programs expense classification.

[e] Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C (HCV) virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Other Provincial Programs expense classification.

[f] The Alberta Telehealth Initiative commenced in 1999, when a donor pledged $14 million and Alberta Health and Wellness dedicated $7 million to the A.H.A. Hospitalta Funding Foundation to assist the Health Authorities purchase and set-up of tele-video conferencing equipment. The core services that make up this initiative include the following: MCU Bridge Services, Scheduling Services, Standards Development, Evaluation and Business Plan Development. Expenses associated with this initiative are included in the Statement of Operations under the Systems Development and Ministry Support Services expense classification.

MINISTRY OF HEALTH & WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

[g] A collaborative effort among the western provinces and territories is being undertaken to develop a long-term vision of strengthened infrastructure to support and further develop Health Lines across Canada. Health Lines are emerging as part of a new model for access to and delivery of high quality health services. Health Lines offer the potential to significantly alter the way consumers access and use health services, as well as the manner in which providers deliver health services. Expenses associated with this initiative are included in the Statement of Operations under the Health Reform expense classification.

[h] The Pharmacy Information Network (PIN) currently focuses on supporting the community drug process. A release of PIN was deployed in a sucessful pilot in 2002. An enhanced release was subsequently implemented into production to a number of sites throughout the province. The next release of PIN supports both browser access and system-to-system messaging access. This release is ready for province-wide implementation. PIN is a critical component of Alberta's Electronic Health Record (EHR) and is being implemented as part of the initial release of the EHR. Expenses associated with this initiative are included as Capital Investment.

[i] The ministry provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the department. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

[j] For new drugs to be considered for inclusion on the ministry's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. Discussions between Alberta Health and Wellness and a drug manufacturer are held to ensure the drug is used as intended. An agreement may be entered into with the drug manufacturer to fund specific studies or programs that contribute to the cost-effective use of medications provided through government sponsored drug plans. The funds are used by the ministry to conduct these studies and administer the programs. Expenses associated with this initiative are included in the Statement of Operations under the Non-Group Health Benefits expense classification.

[k] This initiative will include the creation of standards for chronic disease data including minimum data sets, information interchange messages and related data definitions, and the capacity to share this data in support of clinical decision making for the primary health care team. It will also include system solutions that integrate this data with existing clinical decision support tools and within existing care delivery models. It will also include the processes necessary to implement this system and ensure its ongoing use within the primary health care teams. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

[l] The current Provider Registry System was developed under the direction of the Western Health Information Collaborative (WHIC) and has been implemented by the four Western Canadian provincial partners of WHIC. Alberta has chosen to name the product Alberta Provider Registry. The Infoway Provider Registry Project implements an enhanced version of the Provider Registry System in the province of Alberta over three releases and will implement the Provider Registry System usage into two Health Authorities and four Colleges. Work on this project was delayed and no costs were incurred during the 2004/2005 fiscal year. The project is expected to proceed in 2005/2006.

[m] Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The ministry will use this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

Schedule 3

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		2004
	Budget (Schedule 4)	Actual	Actual
Voted:			
Grants	$ 7,706,136	$ 8,055,651	$ 7,095,416
Supplies and Services	139,412	118,643	109,457
Salaries, Wages and Employee Benefits	85,579	92,908	83,287
Amortization of Capital Assets	7,286	7,340	6,552
Inventory Consumed	15,909	28,223	24,206
Other	156	127	159
Total Voted Expenses	$ 7,954,478	$ 8,302,892	$ 7,319,077
Statutory:			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-offs	$ 41,363	$ 63,053	$ 46,723
Other Write-offs	-	57	39
Provision for Vacation Pay	-	1,008	532
	$ 41,363	$ 64,118	$ 47,294

Schedule 4

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2004-2005 Budget	Authorized Supplementary (a)	2004-2005 Authorized Budget
Revenues:			
Internal Government Transfers	$ 209,274	$ -	$ 209,274
Transfer from Government of Canada	1,625,112	-	1,625,112
Premiums and Fees	950,999	-	950,999
Other Revenue	77,973	-	77,973
	2,863,358	-	2,863,358
Expenses - Directly Incurred:			
Program			
Regional Health Services	4,506,899	200,000	4,706,899
Diagnostic/Medical Equipment	49,640	150,000	199,640
Province-Wide Services	454,309	-	454,309
Physician Services	1,521,600	-	1,521,600
Non-Group Health Benefits	531,623	-	531,623
Allied Health Services	77,500	-	77,500
Protection, Promotion and Prevention	176,518	9,454	185,972
Human Tissue and Blood Services	137,000	-	137,000
Other Provincial Programs	185,659	-	185,659
Alberta Alcohol and Drug Abuse Commission	66,157	-	66,157
Health Reform	115,745	-	115,745
Ministry Support Services	116,334	-	116,334
Systems Development	15,494	-	15,494
	7,954,478	359,454	8,313,932
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	-	41,363
Provision for Vacation Pay	-	-	-
	41,363	-	41,363
Total Expense	7,995,841	359,454	8,355,295
Net Operating Results	$ (5,132,483)	$ (359,454)	$ (5,491,937)
Equipment / Inventory Purchases	$ 41,593	$ 2,896	$ 44,489
Capital Investment	$ 25,025	-	$ 25,025

(a) Supplementary Estimates were approved on March 24, 2005.

Schedule 5

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Alberta Alcohol and Drug Abuse Commission is an Entity in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Consolidated Statement of Operations and Financial Position at the amount of consideration agreed upon between the related parties.

	2005	2004
Revenue - Internal Government Transfers	$ 209,274	$ 196,830
Expenses - Directly Incurred:		
Other Services	$ 28,452	$ 25,787
Capital Assets Transferred	$ -	$ 100
Payable to	(105)	(624)

The Ministry receives services under contracts managed by the Ministry of Restructuring and Government Efficiency. Any commitments under these contracts are reported by the Ministry of Restructuring and Government Efficiency.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	2005	2004
Expenses - Incurred by Others:		
Accommodation	$ 13,086	$ 11,827
Other Services	1,139	1,296
	$ 14,225	$ 13,123

Schedule 6

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005							2004
		Expenses - Incurred by Others		Valuation Adjustments [4]				
	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Other Write-Offs	Total	Total
Program								
Funding to Health Authorities and Provincial Boards for:								
Regional Health Services	$ 4,731,009	$ 117	$ -	$ -	$ -	$ -	$ 4,731,126	$ 4,135,645
Diagnostic Medical Equipment	199,640	-	-	-	-	-	199,640	-
Province-Wide Services	454,311	-	-	-	-	-	454,311	414,962
Physician Services	1,537,438	-	-	-	-	-	1,537,438	1,571,272
Non-Group Health Benefits	516,899	-	-	-	-	-	516,899	466,051
Allied Health Services	71,091	-	-	-	-	-	71,091	67,002
Protection, Promotion, and Prevention	200,037	587	-	-	-	-	200,624	169,028
Human Tissue and Blood Services	122,330	-	-	-	-	-	122,330	122,488
Other Provincial Programs	181,804	49	-	-	-	-	181,853	130,399
Alberta Alcohol and Drug Abuse Commission	67,455	7,442	10	398	-	57	75,362	68,361
Health Reform	88,571	-	-	-	-	-	88,571	53,482
Ministry Support Services	125,352	4,603	1,118	610	-	-	131,683	118,255
Systems Development	6,955	288	1	-	-	-	7,244	15,826
Health Care Insurance Premiums Revenue Write-Offs [5]	-	-	-	-	63,053	-	63,053	46,723
	$ 8,302,892	$ 13,086	$ 1,129	$ 1,008	$ 63,053	$ 57	$ 8,381,225	$ 7,379,494

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 5, allocated by square footage.

[3] Costs shown for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

[4] Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were as follows:
Vacation Pay - allocated to the program by employee.
Doubtful Accounts Provision - estimated.

[5] Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue. These costs cannot be reasonably allocated to other programs of the department.

Department of Health and Wellness

Financial Statements

March 31, 2005

DEPARTMENT OF HEALTH AND WELLNESS

FINANCIAL STATEMENTS

MARCH 31, 2005

Auditor's Report

Statement of Operations

Statement of Financial Position

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Schedule 3 - Expenses Directly Incurred Detailed by Object

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Schedule 6 - Salaries and Benefits

Schedule 7 - Related Party Transactions

Schedule 8 - Allocated Costs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Health and Wellness

I have audited the statement of financial position of the Department of Health and Wellness as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn
FCA
Auditor General

Edmonton, Alberta
May 20, 2005

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		2004
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 209,274	$ 209,274	$ 196,380
Transfer from the Government of Canada	1,625,112	1,736,615	1,412,722
Premiums and Fees	949,461	941,122	962,038
Other Revenue	77,503	87,541	80,364
	2,861,350	2,974,552	2,651,504
Expenses - Directly Incurred (Note 2b (v) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	129,736	140,644	124,932
Health Services	7,758,585	8,096,293	7,133,646
Assistance to Alberta Alcohol and Drug Abuse Commission	64,149	64,149	57,855
	7,952,470	8,301,086	7,316,433
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	63,053	46,723
Provision for Vacation Pay	-	610	281
	41,363	63,663	47,004
	7,993,833	8,364,749	7,363,437
Net Operating Results	$ (5,132,483)	$ (5,390,197)	$ (4,711,933)

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2005

(in thousands)

	2005	2004
ASSETS		
Cash	$ 7,900	$ 18,324
Accounts Receivable (Note 3)	600,119	160,948
Loans and Advances (Note 3)	3	1
Tangible Capital Assets (Note 4)	66,922	57,027
Consumable Inventory	5,614	4,917
	$ 680,558	$ 241,217
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	$ 481,267	$ 370,455
Unearned Revenue (Note 6)	639,269	291,249
	1,120,536	661,704
NET LIABILITIES		
Net Liabilities at Beginning of Year	(420,487)	(279,246)
Net Operating Results	(5,390,197)	(4,711,933)
Net Transfer from General Revenues	5,370,706	4,570,692
Net Liabilities at End of Year	(439,978)	(420,487)
	$ 680,558	$ 241,217

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005	2004
Operating Transactions		
Net Operating Results	$ (5,390,197)	$ (4,711,933)
Non-cash items:		
Amortization of Tangible Capital Assets (Schedule 3)	7,213	6,447
Inventory Consumed	28,223	24,206
Health Care Insurance Premium Revenue Write-Offs	63,053	46,723
Provision for Vacation Pay	610	281
	(5,291,098)	(4,634,276)
(Increase) in Accounts Receivable	(502,224)	(61,120)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	110,202	(33,819)
Increase in Unearned Revenue	348,020	200,250
Cash (applied to) Operating Transactions	(5,335,100)	(4,528,965)
Capital Transactions		
Acquisition of Tangible Capital Assets	(17,108)	(13,126)
Acquisition of Consumable Inventory	(28,920)	(24,003)
Transfer of Tangible Capital Assets	-	100
Cash (applied to) Capital Transactions	(46,028)	(37,029)
Investing Transactions		
Loans and Advances	(2)	-
Repayment of Loans and Advances	-	143
Cash Provided by (applied to) Investing Transactions	(2)	143
Financing Transactions		
Net Transfer from General Revenues	5,370,706	4,570,692
Increase (decrease) in Cash	(10,424)	4,841
Cash, Beginning of Year	18,324	13,483
Cash, End of Year	$ 7,900	$ 18,324

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

Note 1 Authority and Purpose

The Department of Health and Wellness (the "Department") operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Department leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Department sets direction, policy and provincial standards that ensure quality services and sets priorities based on health needs, determines the scope of financial, capital and human resources required, and measures and reports on the performance of the system. The Department is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Health and Wellness, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

Other entities reporting to the Minister are the Regional Health Authorities, the Alberta Cancer Board, the Alberta Mental Health Board, and the Alberta Alcohol and Drug Abuse Commission. The activities of these organizations are not included in these financial statements.

Details on balances are disclosed in Notes 3 and 5 and funding to health authorities and provincial boards are included in Schedule 5 to the financial statements under the following elements:

	(in thousands)
Sub-program 2.1	$ 71,040
Sub-program 2.2	75,152
Sub-program 2.3	57,100
Sub-program 2.4	5,384,960
	$ 5,588,252

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Transfers from the Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Established Programs Financing entitlements are recorded based on management's estimate of amounts applicable to the fiscal year. Overpayments relating to Canada Health Transfers and other transfers received before revenue recognition criteria have been met are included in accounts payable.

(iv) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(vi) Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as consumable inventories and bank balances established under the Health Care Insurance Plan.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $5,000 (2004 - $15,000).

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vii) Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

(viii) Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Department and its liabilities.

(ix) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, loans and advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(x) Payments under Reciprocal and Other Agreements

The Department entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these financial statements. Amounts paid and recovered under these agreements are disclosed in Note 9.

(xi) Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts amounting to $142,506 (2004 - $124,157) is subject to measurement uncertainty.

The allowance for doubtful accounts, in the amount of $142,506 (2004 - $124,157) as reported in Note 3 to these financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2005 and past collection patterns. The actual amount collected could vary from that estimated.

The accrual for claims payable to physicians in the amount of $50,321 (2004 - $67,820) is subject to measurement uncertainty. The amount is based on payments made subsequent to March 31, 2005 and an estimate for any future payments within the 180 days claim period.

Note 3 Accounts Receivable, Loans and Advances
(in thousands)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 740,839	$ 142,506	$ 598,333	$ 157,193
Amounts due from Health Authorities and Provincial Boards	21	-	21	48
Other Receivable	1,765	-	1,765	3,707
Accountable Advance	3	-	3	1
	$ 742,628	$ 142,506	$ 600,122	$ 160,949

Accounts receivable are unsecured.

Note 4 Tangible Capital Assets
(in thousands)

	2005				2004
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Systems Development					
Work-in-progress					
Wellnet Projects		$ 5,023	$ -	$ 5,023	$ 4,258
Others		5,191	-	5,191	3,116
		10,214	-	10,214	7,374
Computer Hardware and Software	3-10 years	79,730	24,146	55,584	49,614
Equipment	10 years	1,202	78	1,124	39
		80,932	24,224	56,708	49,653
		$ 91,146	$ 24,224	$ 66,922	$ 57,027

Note 5 Accounts Payable and Accrued Liabilities
(in thousands)

	2005	2004
Accounts payable	$ 167,192	$ 111,659
Accrued liabilities	190,145	219,551
Amounts due to Health Authorities and Provincial Boards	118,606	34,509
Accrued vacation pay	5,324	4,736
	$ 481,267	$ 370,455

Note 6 Unearned Revenue
(in thousands)

	2005	2004
Changes in unearned revenues are as follows:		
Cash received / receivable during the year:		
Health Care Insurance Premiums	$ 29,799	$ 30,447
Health Services for Persons with Hepatitis C	5,300	1,013
Third party recoveries	71	11
Canada Health Transfer / Canada Health & Social Transfer	100,494	248,298
Wait Times Reduction Transfer	429,974	-
Public Health and Immunization Trust	40,200	-
	605,838	279,769
Less amounts recognized as revenue in the year	(257,818)	(79,519)
Increase (Decrease) during the year	348,020	200,250
Balance at beginning of year	291,249	90,999
Balance at end of year	$ 639,269	$ 291,249
Balances at end of year are comprised of:		
Canada Health Transfer / Canada Health & Social Transfer	$ 199,873	$ 248,298
Health Care Insurance Premiums	29,799	30,447
Health Services for Persons with Hepatitis C	15,012	12,493
Third party recoveries	42	11
Wait Times Reduction Transfer	367,354	-
Public Health and Immunization Trust	27,189	-
	$ 639,269	$ 291,249

Note 7 Contractual Obligations

(in thousands)

As at March 31, 2005, the Department has the following contractual obligations:

		2005		2004
Specific programs commitments [a]	$	2,088,751	$	3,533,251
Service contracts		65,921		58,911
	$	2,154,672	$	3,592,162

[a] Included in 2005 specific programs commitments is an amount of $1,458,849 (2004 - $2,787,773) for the provision of insured medical services by physicians under the agreement signed with the Alberta Medical Association.

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

		Specific Programs Commitments		Service Contracts		Total 2005
2006	$	1,756,223	$	42,503	$	1,798,726
2007		93,029		22,503		115,532
2008		75,985		915		76,900
2009		55,390		-		55,390
2010		57,167		-		57,167
Thereafter		50,957		-		50,957
	$	2,088,751	$	65,921	$	2,154,672

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $122,330 (2004 - $122,488). Budgeted expenditure for the 2006 fiscal year is estimated at $137,000.

Note 8 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

At March 31, 2005, the Department was named as defendant in forty specific legal actions (2004 – forty-one specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in twenty-nine specific legal actions approximates $554 million (2004 - thirty specific legal actions approximates $555 million). For the other 11 claims, no specified amount has yet been claimed (2004 - eleven claims have no specified amount); the amount of these claims will be determined at trial.

Thirty-nine of these claims (2004 – forty claims) are covered by the Alberta Risk Management Fund with twenty-eight claims amounting to $80 million (2004 - twenty-nine claims amounting to $81 million) and eleven claims had no specified amount. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Department made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2005, the unpaid balance of the Department's commitment to the financial assistance package was $13,043,265 (2004 - $13,721,265).

Equity Agreements with Voluntary Hospital Owners

The Department has a contingent liability for buy-out of equity under Equity Agreements entered into between the Department and Voluntary Hospital Owners. The Department's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2005, the contingent payout liability upon termination is estimated at $14.3 million (2004 - $17.2 million).

Notifications to terminate certain equity agreements have been received by the Department. In 2004-2005, the Department expensed $7.0 million (2004 - $1.7 million) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure, then transferred the hospital assets to Regional Health Authorities under lease agreements. The Regional Health Authorities will record the buildings and equipment at their net book value.

Note 8 Contingencies and Equity Agreements with Voluntary Hospital Owners (continued)

Other

At March 31, 2005, the Department was named as defendant in twenty-four other legal actions (2004 - twenty legal actions). Twenty-three of these claims have specified amounts totaling $47.7 million (2004 - twenty claims with a specified amount of $25.0 million). Included in the total legal actions are nineteen claims amounting to $21.5 million (2004 - eighteen claims amounting to $24.0 million) in which the Department has been jointly named with other entities. Thirteen claims amounting to $17.6 million (2004 - sixteen claims amounting to $21.4 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 9 Payments under Reciprocal and Other Agreements

(in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Department also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infrastructure at the national level. In addition, the Department entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25 (1).

Note 9 Payments under Reciprocal and Other Agreements (continued)

(in thousands)

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2005					2004
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ -	$ 23,549	$ (19)	$ 3,707	$ 27,237	$ 30,299
Add: Payments made during the year	266	154,844	-	2,944	158,054	134,239
	266	178,393	(19)	6,651	185,291	164,538
Less: Collections received during the year	266	135,017	-	2,209	137,492	137,301
Less: Adjustments made during the year	-	-	-	2,757	2,757	-
Closing receivable (payable) balance	$ -	$ 43,376	$ (19)	$ 1,685	$ 45,042	$ 27,237

Note 10 Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,953 for the year ended March 31, 2005 (2004 – $3,264).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of $268,101 (2003 – $290,014) and the Public Service Pension Plan reported a deficiency of $450,068 (2003 – $584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of $9,404 (2003 – $9,312).

Note 10 Defined Benefit Plans (continued)

(in thousands)

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of $11,817 (2004 – $9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of $3,208 (2004 – $1,298). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 12 Subsequent Event

(in thousands)

Effective April 1, 2005, responsibility for the Alberta Aids to Daily Living (AADL) program was transferred from the Department of Health and Wellness to the Department of Seniors and Community Supports. The expenses for this program in 2004-2005 amounted to $82,288.

Note 13 Approvals of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		2004
	Budget	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 209,274	$ 209,274	$ 196,380
	209,274	209,274	196,380
Transfers from the Government of Canada:			
Canada Health Transfer / Canada Health & Social Transfer	1,096,791	1,191,435	1,136,440
Health Reform Fund	150,497	150,347	99,676
Wait Times Reduction	-	62,621	-
Diagnostic/Medical Equipment Fund	49,640	99,736	49,585
Other	328,184	232,476	127,021
	1,625,112	1,736,615	1,412,722
Fees:			
Health care insurance:			
Premiums before premium assistance	910,772	1,039,380	1,058,043
Less:			
Premium assistance under legislation	-	(141,700)	(135,820)
	910,772	897,680	922,223
Add:			
Penalties	17,172	20,061	17,398
Interest and miscellaneous	466	181	168
Health care insurance premiums, penalties and interest	928,410	917,922	939,789
Blue Cross:			
Premiums before premium assistance	21,000	25,116	24,174
Less premium assistance	-	(1,973)	(1,978)
Blue Cross premiums	21,000	23,143	22,196
Total premiums	949,410	941,065	961,985
Other	51	57	53
	949,461	941,122	962,038
Other revenue:			
Third party recoveries	62,333	64,787	62,971
Miscellaneous:			
Previous years' refunds of expenditure	1,400	13,457	7,850
Other	13,770	9,297	9,543
	77,503	87,541	80,364
Total revenues	$ 2,861,350	$ 2,974,552	$ 2,651,504

Schedule 2

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall) / Excess
Health Care Insurance Premiums[b]	$ 928,410	$ 917,922	$ (10,488)
Non-Group Drug Benefits[c]	21,000	23,143	2,143
Primary Health Care Initiative[d]	12,136	11,823	(313)
Health Services for Persons with Hepatitis C[e]	7,300	2,782	(4,518)
Alberta Telehealth Initiative[f]	1,050	1,100	50
Multi-Jurisdictional Health Lines[g]	3,563	1,546	(2,017)
Infoway Pharmaceutical Information Network [h]	9,781	4,500	(5,281)
Statistical Information[i]	200	61	(139)
Government Sponsored Drug Plans[j]	700	2,198	1,498
Chronic Disease Management Infostructure[k]	3,750	2,021	(1,729)
Infoway Provider Registry Project[l]	990	-	(990)
Diabetes Surveillance[m]	60	60	-
	$ 988,940	$ 967,156	$ (21,784)

[a] Revenues from dedicated revenue initiatives are included in the Department's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Department provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[d] Health Canada is providing funding to support primary health care initiatives that will be undertaken by the province. Total funding of $54.7 million will be provided for this initiative and will be used in the areas of proposal development, Health Link implementation, capacity-building fund and administration. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[e] Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C (HCV) virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[f] The Alberta Telehealth Initiative commenced in 1999, when a donor pledged $14 million and Alberta Health and Wellness dedicated $7 million to the A.H.A. Hospitalta Funding Foundation to assist the Health Authorities purchase and set-up of tele-video conferencing equipment. The core services that make up this initiative include the following: MCU Bridge Services, Scheduling Services, Standards Development, Evaluation and Business Plan Development. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

Schedule 2

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

(g) A collaborative effort among the western provinces and territories is being undertaken to develop a long-term vision of strengthened infrastructure to support and further develop Health Lines across Canada. Health Lines are emerging as part of a new model for access to and delivery of high quality health services. Health Lines offer the potential to significantly alter the way consumers access and use health services, as well as the manner in which providers deliver health services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(h) The Pharmacy Information Network (PIN) currently focuses on supporting the community drug process. A release of PIN was deployed in a sucessful pilot in 2002. An enhanced release was subsequently implemented into production to a number of sites throughout the province. The next release of PIN supports both browser access and system-to-system messaging access. This release is ready for province-wide implementation. PIN is a critical component of Alberta's Electronic Health Record (EHR) and is being implemented as part of the initial release of the EHR. Expenses associated with this initiative are included as Capital Investment on Schedule 5.

(i) The department provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the department. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(j) For new drugs to be considered for inclusion on the department's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. Discussions between Alberta Health and Wellness and the drug manufacturer are held to ensure the drug is used as intended. An agreement may be entered into with the drug manufacturer to fund specific studies or programs that contribute to the cost-effective use of medications provided through government sponsored drug plans. The funds are used by the department to conduct these studies and administer the programs. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(k) This initiative will include the creation of standards for chronic disease data including minimum data sets, information interchange messages and related data definitions, and the capacity to share this data in support of clinical decision making for the primary health care team. It will also include system solutions that integrate this data with existing clinical decision support tools and within existing care delivery models. It will also include the processes necessary to implement this system and ensure its ongoing use within the primary health care teams. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(l) The current Provider Registry System was developed under the direction of the Western Health Information Collaborative (WHIC) and has been implemented by the four Western Canadian provincial partners of WHIC. Alberta has chosen to name the product Alberta Provider Registry. The Infoway Provider Registry Project implements an enhanced version of the Provider Registry System in the Province of Alberta over three releases and will implement the Provider Registry System usage into two Health Authorities and four Colleges. Work on this project was delayed and no costs were incurred during the 2004/2005 fiscal year. The project is expected to proceed in 2005/2006.

(m) Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The department will use this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

Schedule 3

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005		2004
	Budget (Schedule 4)	Actual	Actual
Voted:			
Grants	$ 7,756,002	$ 8,106,768	$ 7,140,614
Supplies and Services	124,723	102,800	95,622
Salaries, Wages and Employee Benefits	48,536	55,970	49,402
Amortization of Tangible Capital Assets	7,159	7,213	6,447
Inventory consumed	15,909	28,223	24,206
Other	141	112	142
Total Voted Expenses	$ 7,952,470	$ 8,301,086	$ 7,316,433
Statutory:			
Valuation adjustments			
Health Care Insurance Premium Revenue Write-offs	$ 41,363	$ 63,053	$ 46,723
Provision for Vacation Pay	-	610	281
	$ 41,363	$ 63,663	$ 47,004

Schedule 4

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2004 - 2005 Budget	Authorized Supplementary [a]	2004 - 2005 Authorized Budget
Revenues:			
Internal Government Transfers	$ 209,274	$ -	$ 209,274
Transfer from Government of Canada	1,625,112	-	1,625,112
Premiums and Fees	949,461	-	949,461
Other Revenue	77,503	-	77,503
	2,861,350	-	2,861,350
Expenses - Directly Incurred:			
Voted Operating Expenses			
Ministry Support Services	129,736	-	129,736
Health Services	7,758,585	359,454	8,118,039
Alberta Alcohol and Drug Abuse Commission	64,149	-	64,149
	7,952,470	359,454	8,311,924
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	-	41,363
Provision for Vacation Pay	-	-	-
	41,363	-	41,363
Total Expense	7,993,833	359,454	8,353,287
Net Operating Results	$ (5,132,483)	$ (359,454)	$ (5,491,937)
Equipment / Inventory Purchases	$ 41,593	$ 2,896	$ 44,489
Capital Investment	$ 24,895	$ -	$ 24,895

[a] Supplementary Estimates were approved on March 24, 2005.

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget
For the Year Ended March 31, 2005

(in thousands)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:		Budget 2005	Authorized Supplementary(a)	Authorized Budget 2005	Actual 2005(b)	Under (Over) Expended
Ministry Support Services						
1.0.1	Minister's Office	$ 494	$ -	$ 494	$ 431	$ 63
1.0.2	Deputy Minister's Office	456	-	456	455	1
1.0.3	Public Communications	1,403	-	1,403	1,635	(232)
1.0.4	Strategic Planning Services	6,648	-	6,648	5,340	1,308
1.0.5	Health Information and Accountability					
	- Operating Expense	50,722	-	50,722	63,195	(12,473)
	- Equipment / Inventory Purchases	9,050	-	9,050	7,028	2,022
	- Capital Investment	2,000	-	2,000	-	2,000
1.0.6	Population Health	11,787	-	11,787	12,297	(510)
1.0.7	Workforce Services	5,949	-	5,949	7,190	(1,241)
1.0.8	Corporate Support Services					
	- Operating Expense	23,899	-	23,899	25,270	(1,371)
	- Equipment / Inventory Purchases	630	-	630	952	(322)
1.0.9	Program Services					
	- Operating Expense	21,822	-	21,822	20,140	1,682
	- Equipment / Inventory Purchases	-	-	-	504	(504)
1.0.10	Health Facilities Review Committee	615	-	615	682	(67)
1.0.11	Health Quality Council of Alberta					
	- Operating Expense	3,000	-	3,000	1,975	1,025
	- Equipment / Inventory Purchases	-	-	-	10	(10)
1.0.12	Health Advisory and Appeal Services	2,840	-	2,840	1,935	905
1.0.13	Standing Policy Committee on Health and Community Living	101	-	101	99	2
Total Ministry Support Services		141,416	-	141,416	149,138	(7,722)
Health Services						
2.1	Physician Services					
2.1.1	Physician Compensation	1,409,700	-	1,409,700	1,459,090	(49,390)
2.1.2	On Call Programs	71,400	-	71,400	71,400	
2.1.3	Physician Office System Project	20,000	-	20,000	-	20,000
2.1.4	Primary Care					
	- Operating Expense	20,500	-	20,500	6,948	13,552
	- Equipment / Inventory Purchases	-	-	-	705	(705)
Total Physician Services		1,521,600	-	1,521,600	1,538,143	(16,543)
2.2	Provincial Programs					
2.2.1	Non-Group Health Benefits	531,623	-	531,623	516,900	14,723
2.2.2	Allied Health Services	77,500	-	77,500	71,091	6,409
2.2.3	Human Tissue and Blood Services					
	- Operating Expense funded by Lotteries	137,000	-	137,000	122,330	14,670
2.2.4	Ambulance Services					
	- Operating Expense	66,239	-	66,239	50,543	15,696
2.2.5	Out-of-Province Health Care Services	57,280	-	57,280	52,981	4,299
2.2.6	Alberta Wellnet					
	- Operating Expense	15,131	-	15,131	4,767	10,364
	- Equipment / Inventory Purchases	2,657	-	2,657	-	2,657
2.2.7	Health Services Research					
	- Operating Expense funded by Lotteries	5,325	-	5,325	6,050	(725)
2.2.8	Health Reform					
	- Operating Expense	115,745	-	115,745	88,571	27,174
	- Equipment / Inventory Purchases	5,256	-	5,256	-	5,256
	- Capital Investment	22,895	-	22,895	7,909	14,986
2.2.9	Other Support Programs	56,815	-	56,815	72,230	(15,415)
Total Provincial Programs		1,093,466	-	1,093,466	993,372	100,094

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget
For the Year Ended March 31, 2005
(thousands of dollars)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:	Budget 2005	Authorized Supplementary[a]	Authorized Budget 2005	Actual 2005[b]	Under (Over) Expended
2.3 Protection, Promotion, and Prevention					
2.3.1 Vaccines and Sera					
- Operating Expense	24,317	3,104	27,421	35,845	(8,424)
- Equipment / Inventory Purchases	24,000	2,896	26,896	28,920	(2,024)
2.3.2 Public Health Laboratories	17,236	1,100	18,336	26,121	(7,785)
2.3.3 Alberta Aids to Daily Living Benefits	88,225	-	88,225	82,288	5,937
2.3.4 Alberta Wellness Initiative	10,150	-	10,150	9,971	179
2.3.5 Aboriginal Health Strategies					
- Operating Expense funded by Lotteries	2,200	-	2,200	2,200	-
2.3.6 Community-based Health Services					
- Operating Expense	8,351	5,250	13,601	6,789	6,812
- Operating Expense funded by Lotteries	10,000	-	10,000	23,945	(13,945)
2.3.7 West Nile Virus Response	3,000	-	3,600	1,273	1,727
Total Protection, Promotion and Prevention	187,479	12,350	199,829	217,352	(17,523)
2.4 Regional and Provincial-Wide Health Services					
2.4.1 Regional Health Services	4,506,899	200,000	4,706,899	4,731,009	(24,110)
2.4.2 Diagnostic / Medical Equipment	49,640	150,000	199,640	199,640	-
2.4.3 Province-Wide Services	454,309	-	454,309	454,311	(2)
Total Funding to Health Authorities and Provincial Boards for regional and province-wide health services	5,010,848	350,000	5,360,848	5,384,960	(24,112)
Total Health Services	7,813,393	362,350	8,175,743	8,133,826	41,917
Assistance to Alberta Alcohol and Drug Abuse Commission					
3.0.1 Operating Funds for Alberta Alcohol and Drug Abuse					
- Operating Expense funded by Lotteries	54,749	-	54,749	54,749	-
3.0.2 Alberta Tobacco Reduction Strategy	9,400	-	9,400	9,400	-
Total Assistance To Alberta Alcohol and Drug Abuse Commission	64,149	-	64,149	64,149	-
Total Voted	$ 8,018,958	$ 362,350	$ 8,381,308	$ 8,347,114	$ 34,194
Operating Expense	$ 7,743,196	$ 359,454	$ 8,102,650	$ 8,091,812	$ 10,838
Operating Expense funded by lotteries	209,274	-	209,274	209,274	-
Equipment / Inventory Purchases	41,593	2,896	44,489	38,119	6,370
	7,994,063	362,350	8,356,413	8,339,205	17,208
Capital Investment	24,895	-	24,895	7,909	16,986
Total Voted - Operating, Equipment/Inventory Purchases & Capital Investment	$ 8,018,958	$ 362,350	$ 8,381,308	$ 8,347,114	$ 34,194
Statutory Expenses					
Valuation Adjustments					
Health Care Insurance Premium Revenue Write-Offs	$ 41,363	-	$ 41,363	$ 63,053	$ (21,690)
Provision for vacation Pay	-	-	-	610	(610)
Total Statutory Expenses	$ 41,363	$ -	$ 41,363	$ 63,663	$ (22,300)

(a) Supplementary Estimates were approved on March 24, 2005.

(b) Includes achievement bonus of $1,442.

Schedule 6

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

	2005				2004
	Base Salary (1)	Other Cash Benefits (2)	Other Non Cash Benefits (3)	Total	Total
Deputy Minister (4)(5)(6)	$ 170,888	$ 32,809	$ 31,079	$ 234,776	$ 232,866
Assistant Deputy Ministers					
Health Accountability	132,216	9,718	20,142	162,076	168,311
Population Health (7)	68,467	24,101	11,833	104,401	164,276
Health Workforce	122,112	14,809	24,707	161,628	151,109
Program Services	122,112	21,545	23,692	167,349	158,486
Strategic Directions	127,248	22,198	25,602	175,048	164,373
Finance and Corporate Services	132,216	19,436	25,865	177,517	175,060
Health Authorities (7)(8)	158,664	17,492	4,813	180,969	173,356

(1) Base Salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payments, overtime and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and life-long learning.

(4) Automobile provided, no dollar amount is included in benefits and allowances.

(5) This position was occupied by two individuals through the year.

(6) Other cash benefits include achievement bonus for the current incumbent only.

(7) The incumbent retired in Oct 15, 2004. The ADM of Health Authorities occupied this position in an acting capacity as of October 18, 2004.

(8) The current incumbent does not participate in the government pension plan, salary includes a compensating amount for pension.

Schedule 7

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department. The Alberta Alcohol and Drug Abuse Commission is an Entity in the Ministry.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Revenues				
Grants	$ -	$ -	$ 209,274	$ 196,830
Expenses - Directly Incurred				
Grants	$ 65,649	$ 58,355	$ -	$ -
Other Services	-	-	27,613	24,966
	$ 65,649	$ 58,355	$ 27,613	$ 24,966
Capital Assets Transferred	$ -	$ -	$ -	$ 100

The Department receives services under contracts managed by the Ministry of Restructuring and Government Efficiency. Any commitments under these contracts are reported by the Ministry of Restructuring and Government Efficiency.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses - Directly Incurred				
Accommodation	$ -	$ -	$ 4,016	$ 3,424
Legal	-	-	1,119	1,272
Other	-	-	10	-
	$ -	$ -	$ 5,145	$ 4,696

Schedule 8

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005						2004
		Expenses - Incurred by Others		Valuation Adjustments [4]			
	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Vacation Pay	Health Care Insurance Premiums Revenue Write Offs	Total	Total
Ministry Support Services	$ 140,644	$ 3,899	$ 1,118	$ 610	$ -	$ 146,271	$ 129,777
Health Services	8,096,293	117	1	-	-	8,096,411	7,133,778
Alberta Alcohol and Drug Abuse Commission	64,149	-	-	-	-	64,149	57,855
Health Care Insurance Premiums Revenue Write-Offs [5]	-	-	-	-	63,053	63,053	46,723
	$ 8,301,086	$ 4,016	$ 1,119	$ 610	$ 63,053	$ 8,369,884	$ 7,368,133

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 7, allocated by square footage.

[3] Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

[4] Valuation Adjustments as per Statement of Operations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were as follows:

Vacation Pay - allocated to the program by employee.

Doubtful Accounts Provision - estimated.

[5] Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue. These costs cannot be reasonably allocated to other programs of the department.

Alberta Alcohol and Drug Abuse Commission

Financial Statements

March 31, 2005

ALBERTA ALCOHOL AND DRUG

ABUSE COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2005

Auditor's Report

Statement of Financial Position

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Schedule of Allocated Costs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Alcohol and Drug Abuse Commission

I have audited the statement of financial position of the Alberta Alcohol and Drug Abuse Commission as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 20, 2005

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2005

(In thousands)

	2005	2004
ASSETS		
Current Assets:		
Cash (Note 3)	$ 10,880	$ 9,692
Accounts Receivable	521	925
Inventory	360	661
Prepaid Expenses	36	-
	11,797	11,278
Tangible Capital Assets (Note 4)	549	291
	$ 12,346	$ 11,569
LIABILITIES AND ACCUMULATED SURPLUS		
Current Liabilities:		
Accounts Payable	4,981	5,458
Accrued Vacation Pay	3,753	3,355
Deferred Contributions (Note 7)	355	315
Unearned Revenue	37	30
	9,126	9,158
Accumulated surplus:		
At beginning of year	2,411	1,940
Net operating results	809	471
At end of year	3,220	2,411
	$ 12,346	$ 11,569

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2005

(In thousands)

	2005		2004
	Budget (Note 9)	**Actual**	**Actual**
Revenues (Schedule 1):			
Internal government transfers:			
Department of Health and Wellness	$ 64,149	$ 65,649	$ 58,355
Fees	1,538	1,457	1,492
Investment Income	325	500	568
Other	145	1,113	1,347
	66,157	68,719	61,762
Expenses – Directly Incurred: (Schedule 2 and 3, Note 2 (b))			
Programs:			
Community services	31,042	32,282	27,856
Residential treatment services	13,576	13,552	12,352
Detoxification services	9,273	8,619	7,924
Research, information and monitoring	8,789	9,777	10,553
Administration	3,477	3,282	2,355
Accrued vacation pay adjustment	-	398	251
	66,157	67,910	61,291
Net operating results	$ -	$ 809	$ 471

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

(In thousands)

	2005	2004
Operating Activities:		
Net operating results	$ 809	$ 471
Add non-cash charges:		
Amortization of capital assets	126	104
	935	575
Increase in non-cash working capital	637	(493)
Cash provided by operating activities	1,572	82
Investing activities:		
Acquisition of capital assets	(384)	(116)
Net cash provided (used)	1,188	(34)
Cash at beginning of year	9,692	9,726
Cash at end of year	$ 10,880	$ 9,692

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2005

Note 1 Authority and Purpose

The Alberta Alcohol and Drug Abuse Commission (Commission) is an agent of the Crown under the authority of the Alcohol and Drug Abuse Act, Chapter A-38, Revised Statutes of Alberta 2000. The Commission is dependent on grants from the Department of Health and Wellness for funding its programs and for meeting its obligations as they become due.

The Commission's purpose is to assist Albertans in achieving a life free from the abuse of alcohol, other drugs and gambling. The Commission does this by providing community-based information, prevention and treatment services.

The Commission is a Government of Alberta agency and is not subject to Canadian taxes.

Note 2 Summaries of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Revenue Recognition

Operating grants from the Department are recognized as revenue when they are receivable.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Externally restricted donations are deferred and are recognized as revenue in the period in which the related expenses are incurred.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the Commission has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses are included on Schedules 2 and 3, as well as the Statement of Operations

Incurred by Others

Services contributed by other entities in support of the Commission's operations are disclosed in Schedule 3.

(c) Inventory

Inventory is valued at the lower of cost and replacement cost with cost being determined principally on a first-in, first-out basis.

(d) Tangible Capital Assets

Tangible capital assets are recorded at historical cost net of accumulated amortization. The threshold for capitalizing assets is $5,000. Amortization is provided over the estimated useful lives of the assets as follows:

Furniture and equipment - 10 years straight-line
Computer equipment and software - 3 years straight-line

(e) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, and accrued liabilities are estimated to approximate their book values. Subsequent actual amounts, which may vary from estimates, will impact future financial results.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Note 3 Cash

(In thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (Fund) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2005, securities held by the Fund have an average effective market yield of 2.79% per annum (March 31, 2004: 2.11% per annum).

Interest is earned on the Commission's daily cash balance at the average rate of the Fund's earnings, which vary depending on prevailing market interest rates. The Commission retains the interest earned on all of its bank accounts, and reflects it as income. Interest income of $500 (2004 $568) was earned during the year on this account and is reflected in the financial statements.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Tangible Capital Assets

(In thousands)

Capital assets consist of the following:

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 847	$ 457	$ 390	$ 169
Furniture and equipment	264	105	159	122
	$ 1,111	$ 562	$ 549	$ 291

Note 5 Contractual obligations

(In thousands)

(a) The Commission leases certain vehicles and equipment under operating leases that expire on various dates through to January 31, 2009. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2006	$ 109
2007	$ 70
2008	$ 39
2009	$ 16

(b) The Commission has certain contractual obligations for contracts, which extend into 2006 and 2007. The value of the contractual obligation is $398 in 2006 and $9 in 2007.

Note 6 Contingent Liabilities

(In thousands)

At March 31, 2005, The Commission is a dependent in one legal claim (2004, no claims). The specified amount of the claim is $285.

The resulting loss, if any, from these claims cannot be determined.

Note 7 Deferred Contributions

(In thousands)

Deferred contributions consist of unexpended funds from donations to the Memorial Trust. These are externally restricted contributions to be used to supplement the work of the Commission in the areas of research and education and to acquire capital assets. Changes in deferred contributions are as follows:

	2005	2004
Donations	$ 32	$ 25
Interest Earned	8	9
Transferred to Revenue	-	(2)
Increase during the year	40	32
Balance at beginning of year	315	283
Balance at end of year	$ 355	$ 315

Note 8 Defined Benefit Plans
(In thousands)

The Commission participates in the multi-employer pension plans, Management Employee Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,162 for the year ended March 31, 2005 (2004 – $1,711) and is reflected in Employer Contributions on Schedule 2.

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of $268,101 (2003 – $290,014) and the Public Service Pension Plan reported a deficiency of $450,068 (2003 – $584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of $9,404 (2003 – $9;312).

Note 9 Approvals
(In thousands)

(a) Budget

The budget amounts shown on the statement of operations agree with the 2004/05 Government Estimates. The budget amounts shown on Schedules 1 and 2 provide additional revenue information and present expenses by object. The Members of the Commission approved these budgets on April 22, 2004.

(b) Financial Statements

These financial statements and accompanying notes were approved on June 23, 2005 by the Members of the Commission.

Note 10 Related Party Transactions

(In thousands)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Commission.
For purposes of this schedule, the related parties are separated into "Entities in the Ministry" which includes only the Department of Health and Wellness, and "Other Entities".

The Commission and its employees paid and collected certain fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Revenues:				
Grants	$ 65,649	$ 58,355	$ -	$ -
Expenses:				
Other Services	$ -	$ -	$ 839	$ 821
Receivable from	$ -	$ -	$ -	$ -
(Payable to)	$ -	$ -	$ (105)	$ (624)

The Commission also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related parties are estimated based on the costs incurred by the service provider to provide the services. These amounts are not recorded in the financial statements and are disclosed on Schedule 3.

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses:				
Legal Fees	$ -	$ -	$ 10	$ 24
Accommodation	-	-	7,141	7,046
	$ -	$ -	$ 7,151	$ 7,070

Note 11 Federal/Provincial Cost Sharing Agreements

(In thousands)

The Province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Alcohol and Drug Treatment and Rehabilitation (ADTR) agreement and records this recovery in the financial statements of the Department of Health and Wellness. The ADTR claim relating to the Commission's activities for the year ended March 31, 2005 amounts to approximately $1,415 (2004 $1,340).

Note 12 Salaries, Wages, Benefits and Allowances
(In thousands)

	2005				2004
	Base Salary [a]	Other Cash Benefits [b]	Other Non-cash Benefits [c]	Total	Total
Current Executives					
Chairman of the Board [d]	$ 14	$ -	$ -	$ 14	$ 15
Board Members [e]	25	-	-	25	37
Chief Executive Officer [f]	140	27	29	196	196
Executive Director, Program Services	133	19	27	179	178
Executive Director, Information Services [h]	108	16	22	146	121
Executive Director, Corporate Services [h]	110	16	24	150	127
Director, Provincial Initiatives [i]	99	8	23	130	119
Director, Urban Services [h,i]	104	8	20	132	127
Director, Residential Services	109	16	23	148	136
Director, District and Youth Services [h]	110	16	22	148	108
Director, National Research Coordination [h]	96	7	20	123	117
Director, Corporate Services [g,h]	-	-	-	-	99

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include bonuses, vacation payments, overtime, and lump sum payments.

(c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, tuition fees, conference fees, and professional memberships.

(d) A new chairperson was appointed during the year.

(e) There were nine Board members in both years.

(f) An amount has not been included in benefits and allowances for the automobile provided to the Chief Executive Officer.

(g) Other cash benefits amounts include vacation payouts totaling $0 (2004 $15).

(h) The Commission reorganized its corporate structure in December 2003. The former Director of Information Services became an Executive Director, and now has responsibility for Research Services. The former Director of Research is now the Director, National Research Coordination. The Director of Community and Youth Services is now the Director of Urban Services. There is a new Director of District and Youth Services. The Director of Corporate Services position was eliminated and replaced with Directors of Information Technology Services and Financial Services. Those positions now report to a new position, the Executive Director of Corporate Services, which also has responsibility for Human Resources and Learning Services. The Directors of Finance,

Note 12 Salaries, Wages, Benefits and Allowances (Continued)

Information Technology Services, and Human Resource and Learning Services are not members of the senior decision making group and their salaries are not disclosed.

(1) The Director, Provincial Initiatives retired on June 30, 2004. The Director, Urban Services assumed this role as of July 1, 2004.

Schedule 1

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2005

(In thousands)

	2005		2004
	Budget	Actual	Actual
Internal government transfers:			
Department of Health and Wellness	$ 64,149	$ 65,649	$ 58,355
Premiums, Fees and Licenses:			
Fees:			
Clients	1,538	1,438	1,475
Seminars	-	19	17
	1,538	1,457	1,492
Investment Income (Note 3)	325	500	568
Other:			
Donations	-	18	39
Publications	40	33	33
Miscellaneous - Contracted Services	-	929	1,152
- Sundry & Miscellaneous at Residential sites	105	111	99
- General	-	22	24
	145	1,113	1,347
Total revenues	$ 66,157	$ 68,719	$ 61,762

Schedule 2

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS
FOR THE YEAR ENDED MARCH 31, 2005

(In thousands)

	2005		2004
EXPENSES BY OBJECT	Budget	Actual	Actual
Manpower:			
Salaries	$ 29,049	$ 28,918	$ 26,197
Employer Contributions	5,458	5,270	4,721
Wages	2,653	2,873	2,969
Allowances and benefits	304	276	250
	37,464	37,337	34,137
Grants:			
Direct financial assistance to agencies [a]	14,446	14,532	13,156
Other:			
Professional, technical, and labor service	8,448	9,335	6,077
Materials and supplies	2,225	3,071	2,685
Travel and relocation	1,161	1,102	973
Advertising	1,018	761	2,571
Rentals	351	362	349
Telephones	368	352	344
Voluntary separation payments	267	59	250
Freight and postage	104	86	101
Board members' fees	15	39	52
Purchased services - other	-	498	324
Repair and maintenance	44	107	42
Insurance	38	38	23
Amortization	151	126	105
Hosting	57	46	49
Bad debts	-	57	39
Other operating expenses	-	2	14
	14,247	16,041	13,998
	$ 66,157	$ 67,910	$ 61,291

Schedule 2(continued)

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS
FOR THE YEAR ENDED MARCH 31, 2005

(In thousands)

	2005		2004
EXPENSES BY CORE BUSINESS	**Budget**	**Actual**	**Actual**
Core Business:			
Treatment	$ 45,304	$ 46,268	$ 39,861
Information	14,375	14,791	12,540
Prevention	6,478	6,851	8,890
	$ 66,157	$ 67,910	$ 61,291

(a) For the years ended March 31, 2005 and 2004, direct financial assistance was given to 32 not-for-profit organizations operating at arms-length from the Commission.

Schedule 3

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF ALLOCATED COSTS

FOR THE YEAR ENDED MARCH 31, 2005

(In thousands)

	2005					2004
			Expenses Incurred by Others			
	Expenses [a]	Accrued Vacation Pay Adjustment	Legal Services [b]	Accommodation costs [c]	Total Expenses	Total Expenses
Programs:						
Community services	$ 32,282	$ 224	$ -	$ 2,781	$ 35,287	$ 30,513
Residential treatment services	13,552	64	-	2,256	15,872	14,432
Detoxification services	8,619	38	-	1,621	10,278	10,017
Research information and monitoring	9,777	40	-	345	10,162	10,881
Administration	3,282	32	10	138	3,462	2,518
	$ 67,512	$ 398	$ 10	$ 7,141	$ 75,061	$ 68,361

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[a] Expenses – Directly Incurred as per Statement of Operations excluding Accrued Vacation pay.

[b] Cost shown for Legal Services in Note 9, allocated by estimated cost incurred by each program.

[c] Costs shown for Accommodation (includes grants in lieu of taxes) in Note 9, allocated by square footage.

The following information is **Unaudited**

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2005

(UNAUDITED)
(in thousands)

	2005	2004
Remissions:		
Third Party Recoveries	$ 311	$ 10
		-
Compromises:		
Health Care Insurance Premiums	127	153
Write-offs:		
Health Care Insurance Premiums	43,319	30,374
Medical Claim Recoveries	965	1,150
Penalties, Interest and Miscellaneous Charges	824	892
Third Party Recoveries	-	-
Total Remissions, Compromises and Write-offs	$ 45,546	$ 32,579

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Health Authority

2004/05 Financial Statement Highlights

Health Authority financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and Alberta Health and Wellness' Financial Directives.

This section, compiled from the health authorities' audited financial statements, highlights the financial results of the nine regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board for the fiscal year ended March 31, 2005.

All of the eleven health authorities received an unqualified audit opinion as at March 31, 2005.

Operating Results

- For fiscal year 2004/05, the health authorities reported a total operating surplus of $34 million. This compares to a prior year deficit of $140 million. Of the eleven health authorities, three reported a deficit of $4.3 million and eight reported surpluses of $38.3 million.
- Total 2004/05 expense was $6.3 billion, compared to $5.7 billion in the prior year – a 9.2 per cent increase, of which 3.7 per cent related to salaries. A total of 48,752 Full Time Equivalents were employed by the health authorities in the year.
- Total administration costs in 2004/2005 were $204 million or 3.3 per cent of health authority expenditures of $6.3 billion. This compares to total adminstation costs in 2003/2004 of $189 million, or 3.3 per cent of health authority expenditures of $5.7 billion.

Financial Position

- The health authorities reported total net assets of $279 million as at March 31, 2005, an increase of $44 million from the prior year.
- Total health authority long-term debt at March 31, 2005 was $45 million, up from $27 million at March 31, 2004. No health authorities have exceeded their authorized borrowing limits.
- The health authorities reported total capital assets of $3.1 billion at March 31, 2005, up from $2.9 billion in the prior year.

Additional Information

- Copies of the health authorities' audited financial statements are included in Section II of the Ministry Annual Report.

TABLE I

HEALTH AUTHORITY SUMMARY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	2004/05 BUDGET	2004/05 ACTUAL	% OF TOTAL	2003/04 ACTUAL	% OF TOTAL	CHANGES FROM 2003/04 TO 2004/05 $	%
REVENUE							
Alberta Health and Wellness contributions	5,283,192	5,299,508	84.4%	4,711,411	84.4%	588,097	12.5%
Other government contributions	88,039	90,807	1.4%	84,898	1.5%	5,909	7.0%
Fees and charges	397,109	422,888	6.7%	373,495	6.7%	49,393	13.2%
Ancillary operations, net	17,542	21,486	0.3%	10,331	0.2%	11,155	108.0%
Donations	14,410	6,483	0.1%	13,502	0.2%	(7,019)	(52.0%)
Investment and other income	207,220	233,817	3.7%	216,060	3.9%	17,757	8.2%
Amortized external capital contributions	186,114	210,645	3.4%	173,421	3.1%	37,224	21.5%
TOTAL REVENUE	6,193,626	6,285,634	100.0%	5,583,118	100.0%	702,516	12.6%
EXPENSE							
Facility-based inpatient acute nursing services	1,638,571	1,621,958	26.0%	1,481,180	25.9%	140,778	9.5%
Facility-based emergency and outpatient services	698,870	690,717	11.0%	610,053	10.7%	80,664	13.2%
Facility-based continuing care services	582,769	577,699	9.2%	545,565	9.5%	32,134	5.9%
Ambulance services	23,323	26,831	0.4%	22,860	0.4%	3,971	17.4%
Community-based care	248,269	237,331	3.8%	214,628	3.8%	22,703	10.6%
Home care	241,356	245,845	3.9%	221,971	3.9%	23,874	10.8%
Diagnostic & therapeutic services	1,167,938	1,173,405	18.8%	1,070,177	18.7%	103,228	9.6%
Promotion, prevention and protection services	175,594	172,636	2.8%	165,966	2.9%	6,670	4.0%
Research and education	145,078	137,655	2.2%	126,351	2.2%	11,304	8.9%
Administration	206,040	204,463	3.3%	189,240	3.3%	15,223	8.0%
Information technology	135,704	149,616	2.4%	128,381	2.2%	21,235	16.5%
Support services	891,692	895,408	14.3%	842,967	14.7%	52,441	6.2%
Amortization of facilities and improvements	103,626	110,696	1.8%	101,927	1.8%	8,769	8.6%
Capital assets write down	-	7,281	0.1%	-	0.0%	7,281	0.0%
TOTAL EXPENSE prior to the following items	6,258,830	6,251,541	100.0%	5,721,266	100.0%	530,275	9.3%
Restructuring - Legal settlement costs AMHE	-	94		2,079		(1,985)	
TOTAL EXPENSE	6,258,830	6,251,635		5,723,345		528,290	
Excess (deficiency) of revenue over expense	(65,204)	33,999		(140,227)		174,226	

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	241,571	242,153	216,851	130,847	130,847	121,809	1,757,976	1,778,273	1,570,621	439,401	437,418	381,657
Other government contributions	3,419	4,451	3,661	3,446	3,446	3,550	22,310	19,017	19,133	12,107	11,595	12,759
Fees and charges	19,074	18,223	16,436	13,933	14,936	14,443	133,879	136,276	123,989	30,520	30,605	26,851
Ancillary operations, net	304	243	208	202	275	254	10,130	12,412	10,089	200	262	420
Donations	312	406	391	300	378	264	7,803	976	6,172	751	751	750
Investment and other income	5,164	5,831	5,208	2,647	3,322	3,254	66,467	74,317	65,194	11,508	10,500	10,023
Amortized external capital contributions	10,330	10,301	9,876	5,384	5,684	5,290	57,083	61,986	49,544	19,391	19,391	16,078
TOTAL REVENUE	280,174	281,608	252,631	156,759	158,888	148,864	2,055,648	2,083,257	1,844,742	513,878	510,522	448,538
EXPENSE												
Facility-based inpatient acute nursing services	67,273	67,967	63,560	39,687	40,173	37,869	624,668	598,503	542,553	129,912	132,326	122,850
Facility-based emergency and outpatient services	17,865	17,785	16,302	7,581	7,392	7,291	273,352	265,071	238,976	33,608	33,493	27,743
Facility-based continuing care services	35,832	35,508	34,449	21,215	21,164	19,866	169,300	164,510	154,570	52,068	53,293	52,272
Ambulance services	-	-	-	1,400	1,445	942	6,513	8,280	6,363	118	118	-
Community-based care	14,949	15,617	12,916	6,924	7,352	6,545	84,620	78,237	66,951	13,686	12,924	11,938
Home care	13,564	14,870	13,109	7,253	8,003	7,291	88,471	88,483	76,403	23,020	23,162	20,096
Diagnostic & therapeutic services	47,286	48,157	43,860	28,422	28,799	26,458	405,667	405,483	372,267	83,605	84,003	76,934
Promotion, prevention and protection services	10,279	10,584	10,207	4,659	4,799	4,078	48,975	47,686	46,531	17,089	16,816	15,874
Research and education	-	-	-	-	-	-	27,228	27,234	22,271	388	359	289
Administration	11,266	12,086	10,955	6,440	6,684	5,908	59,187	56,809	54,833	23,157	22,921	20,776
Information technology	5,909	6,120	6,222	2,277	2,728	2,120	40,306	43,618	40,455	9,998	10,766	9,584
Support services	44,736	46,796	44,532	30,159	30,117	28,809	260,667	261,913	247,366	103,393	101,993	96,870
Amortization of facilities and improvements	7,061	6,961	6,940	3,200	3,271	3,239	25,380	30,292	26,059	13,865	13,865	11,389
Capital assets write down	-	-	-	-	-	-	-	6,698	-	-	-	-
TOTAL EXPENSE prior to the following items	276,020	282,451	263,052	159,217	161,927	150,416	2,114,334	2,082,817	1,895,598	503,907	506,039	466,615
Restructuring / Legal settlement costs AMHB												
TOTAL EXPENSE	276,020	282,451	263,052	159,217	161,927	150,416	2,114,334	2,082,817	1,895,598	503,907	506,039	466,615
Excess (deficiency) of revenue over expense	4,154	(843)	(10,421)	(2,458)	(3,039)	(1,552)	(58,686)	440	(50,856)	9,971	4,483	(18,077)

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	179,098	180,576	154,810	1,861,807	1,858,329	1,672,222	190,316	190,316	174,585	184,363	183,840	156,670
Other government contributions	4,922	3,927	3,888	36,385	38,496	36,884	2,222	2,357	2,431	768	1,352	818
Fees and charges	18,154	19,530	17,977	137,583	156,216	134,630	19,734	20,556	17,521	16,235	16,309	13,366
Ancillary operations, net	28	38	61	4,763	6,258	(2,206)	196	303	191	992	998	878
Donations	38	220	332	-	-	-	400	368	262	243	380	540
Investment and other income	1,556	3,378	3,312	80,631	96,084	87,698	5,392	6,441	5,954	4,308	5,875	5,519
Amortized external capital contributions	4,472	4,884	4,512	55,000	71,386	56,326	8,018	7,818	7,273	8,418	9,910	8,418
TOTAL REVENUE	208,268	212,553	184,892	2,176,169	2,226,769	1,985,554	226,278	228,159	208,217	215,327	218,664	186,209
EXPENSE												
Facility-based inpatient acute nursing services	32,987	33,792	31,211	621,443	622,982	568,815	32,926	34,038	31,443	46,166	46,832	41,659
Facility-based emergency and outpatient services	8,273	9,017	8,181	243,329	246,624	210,742	20,633	18,935	17,276	15,682	15,502	15,112
Facility-based continuing care services	37,330	37,154	36,525	213,148	213,614	197,476	30,893	29,730	28,265	19,506	18,895	18,739
Ambulance services	2,587	2,789	2,392	9,668	10,269	10,012	-	-	-	3,037	3,818	3,151
Community-based care	8,610	8,792	8,341	65,266	66,940	66,341	11,995	12,028	11,111	6,012	5,737	5,376
Home care	16,104	17,917	14,929	66,247	67,025	66,096	12,546	12,372	11,175	11,527	11,395	10,377
Diagnostic & therapeutic services	28,201	28,700	26,266	419,654	420,654	381,693	41,035	41,144	36,122	36,142	37,291	33,793
Promotion, prevention and protection services	5,682	5,751	5,383	51,256	51,432	49,696	10,034	9,463	8,421	9,784	9,382	8,312
Research and education	66	33	63	87,426	85,565	78,483	-	-	-	-	45	33
Administration	12,521	12,602	11,959	56,323	55,648	51,732	8,946	8,779	8,279	9,613	10,716	10,438
Information technology	3,075	2,803	3,599	56,205	62,788	50,599	2,845	3,864	1,903	3,755	3,595	4,111
Support services	42,001	41,434	41,229	281,811	283,115	262,314	49,706	51,869	49,080	39,412	38,949	37,757
Amortization of facilities and improvements	3,265	3,602	3,264	30,393	31,828	32,634	5,190	5,207	5,239	6,291	6,946	6,308
Capital assets write down	-	-	-	-	-		-	-	-	-	-	-
TOTAL EXPENSE prior to the following items	201,302	204,386	193,342	2,202,169	2,218,484	2,026,633	226,749	227,429	208,314	206,927	209,103	195,166
Restructuring Legal settlement costs AMHB												
TOTAL EXPENSE	201,302	204,386	193,342	2,202,169	2,218,484	2,026,633	226,749	227,429	208,314	206,927	209,103	195,166
Excess (deficiency) of revenue over expense	6,966	8,167	(8,450)	(26,000)	8,285	(41,079)	(471)	730	(97)	8,400	9,561	(8,957)

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	66,916	67,506	60,355	35,760	35,523	34,918	195,137	194,727	166,913	5,283,192	5,299,508	4,711,411
Other government contributions	708	2,323	723	272	307	390	1,480	3,536	661	88,039	90,807	84,898
Fees and charges	4,297	4,993	3,782	-	-	-	3,700	5,244	4,500	397,109	422,888	373,495
Ancillary operations, net	187	(42)	15	-	-	-	540	739	421	17,512	21,486	10,331
Donations	63	463	224	-	-	50	4,500	2,541	4,517	14,410	6,483	13,502
Investment and other income	861	1,124	1,217	293	479	930	28,393	26,466	27,751	207,220	233,817	216,060
Amortized external capital contributions	4,936	6,019	3,673	306	197	376	12,776	13,069	12,055	186,114	210,645	173,421
TOTAL REVENUE	77,968	82,386	69,989	36,631	36,506	36,664	246,526	246,322	216,818	6,193,626	6,285,634	5,583,118
EXPENSE												
Facility-based inpatient acute nursing services	18,536	19,270	16,880	12,047	12,724	11,513	12,926	13,351	12,827	1,638,571	1,621,958	1,481,180
Facility-based emergency and outpatient services	5,757	5,793	5,050	5,370	4,830	4,621	67,420	66,275	58,759	698,870	690,717	610,053
Facility-based continuing care services	3,477	3,831	3,403	-	-	-	-	-	-	582,769	577,699	545,565
Ambulance services	-	112	-	-	-	-	-	-	-	23,323	26,831	22,860
Community-based care	2,408	2,180	1,554	1,703	1,765	1,634	32,096	25,759	21,921	248,269	237,331	214,628
Home care	2,624	2,618	2,495	-	-	-	-	-	-	241,356	245,845	221,971
Diagnostic & therapeutic services	14,275	15,150	12,374	6,691	6,924	6,161	56,960	57,100	54,249	1,167,938	1,173,405	1,070,177
Promotion, prevention and protection services	5,416	5,507	4,904	2,243	1,289	3,407	10,177	9,927	9,153	175,594	172,636	165,966
Research and education	-	-	-	1,980	795	926	27,990	23,624	24,286	145,078	137,655	126,351
Administration	4,797	5,067	3,859	6,368	5,028	4,689	7,422	8,123	5,812	206,040	204,463	189,240
Information technology	2,635	3,367	1,693	1,193	1,013	962	7,506	8,954	7,133	135,704	149,616	128,381
Support services	13,629	15,309	13,115	916	992	862	24,662	22,921	21,033	891,692	895,408	842,967
Amortization of facilities and improvements	4,414	4,000	2,360	-	-	-	4,567	4,724	4,495	103,626	110,696	101,927
Capital assets write down	-	583	-	-	-	-	-	-	-	-	7,281	-
TOTAL EXPENSE prior to the following items	77,968	82,787	67,687	38,511	35,360	34,775	251,726	240,758	219,668	6,258,830	6,251,541	5,721,266
Restructuring - Legal settlement costs AMHB				-	94	2,079				-	94	2,079
TOTAL EXPENSE	77,968	82,787	67,687	38,511	35,454	36,854	251,726	240,758	219,668	6,258,830	6,251,635	5,723,345
Excess (deficiency) of revenue over expense	-	(401)	2,302	(1,880)	1,052	(190)	(5,200)	5,564	(2,850)	(65,204)	33,999	(140,227)

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY		PALLISER HEALTH REGION		CALGARY HEALTH REGION		DAVID THOMPSON REGIONAL HEALTH AUTHORITY	
	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL
ASSETS								
Cash and investments	18,698	7,513	10,233	7,673	45,687	20,485	44,890	59,356
Accounts receivable	4,770	4,498	4,457	3,915	36,013	38,983	6,440	7,327
Contributions receivable from Alberta Health and Wellness	3,421	830	6,454	464	43,454	13,306	6,502	1,400
Inventories	2,314	2,111	982	858	21,089	19,003	5,524	5,247
Prepaid expenses	1,578	1,593	1,021	361	5,812	3,098	2,768	1,413
Current Assets	30,781	16,545	23,147	13,271	152,055	94,875	66,124	74,743
Non-current cash and investments	16,709	19,458	18,812	22,248	390,961	240,298	29,737	25,631
Capital assets	176,950	175,776	71,719	71,188	939,770	802,763	405,415	379,061
Other assets	7,818	7,967	9,999	6,390	11,767	12,017	22,338	21,652
TOTAL ASSETS	232,258	219,746	123,677	113,097	1,494,553	1,149,953	523,614	501,087
LIABILITIES, NET ASSETS AND ENDOWMENTS								
Bank indebtedness	-	-	4,731	2,142	-	-	-	-
Accounts payable and accrued liabilities	24,036	22,615	9,713	9,119	162,326	163,318	39,572	56,782
Accrued vacation pay	10,263	9,559	6,124	5,893	74,114	67,884	19,257	18,020
Deferred contributions	6,635	4,036	13,507	5,569	54,494	29,948	19,450	13,531
Current portion of long term debt	56	71	-	-	218	204	201	52
Current Liabilities	40,990	36,281	34,075	22,723	291,152	261,354	78,480	88,385
Deferred contributions	3,670	3,869	9,999	6,390	30,657	30,336	21,914	22,578
Deferred capital contributions	15,975	10,444	-	-	221,698	60,739	29,737	24,949
Long-term debt	178	233	-	-	16,717	16,927	850	560
Unamortized external capital contributions	164,674	162,904	63,334	64,676	851,470	703,641	372,325	348,790
Other liabilities	367	68	-	-	10,683	10,400	-	-
TOTAL LIABILITIES	225,854	213,799	107,408	93,789	1,422,377	1,083,397	503,306	485,262
NET ASSETS AND ENDOWMENTS								
Accumulated surplus (deficit)	(5,788)	(6,771)	7,884	12,796	(7,658)	(24,002)	(11,306)	(13,409)
Investment in capital assets from internally funded sources	12,042	12,568	8,385	6,512	79,834	90,558	31,614	29,234
Endowments	150	150	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	6,404	5,947	16,269	19,308	72,176	66,556	20,308	15,825
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	232,258	219,746	123,677	113,097	1,494,553	1,149,953	523,614	501,087
CASH FLOWS								
Cash generated from (used by) operating activities	5,920	(23)	163	1,474	14,153	11,198	(4,254)	(23,045)
Cash used by investing activities	(11,084)	(13,706)	(8,172)	(6,164)	(359,433)	(146,106)	(53,577)	(32,807)
Cash generated from financing activities	16,349	9,128	10,569	4,823	370,482	104,236	43,365	45,314
Increase (decrease) in cash and cash equivalent	11,185	(4,601)	2,560	133	25,202	(30,672)	(14,466)	(10,538)
Cash and cash equivalent, beginning of year	7,513	12,114	7,673	7,540	20,485	51,157	59,356	69,894
Cash and cash equivalent, end of year	18,698	7,513	10,233	7,673	45,687	20,485	44,890	59,356
Non-current cash and investments, end of year	16,709	19,458	18,812	22,248	390,961	240,298	29,737	25,631
Total cash, cash equivalent and non-current investments, end of year	35,407	26,971	29,045	29,921	436,648	260,783	74,627	84,987

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	EAST CENTRAL HEALTH		CAPITAL HEALTH		ASPEN REGIONAL HEALTH AUTHORITY		PEACE COUNTRY HEALTH	
	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL
ASSETS								
Cash and investments	18,334	13,015	176,958	150,500	50,582	23,477	20,620	4,955
Accounts receivable	1,994	3,242	84,787	44,747	4,317	5,853	4,569	4,886
Contributions receivable from Alberta Health and Wellness	1,678	1,196	45,782	14,165	3,774	2,115	8,159	5,861
Inventories	576	521	12,842	10,289	1,452	1,489	1,082	963
Prepaid expenses	-	-	67,809	40,490	1,399	864	1,525	927
Current Assets	22,582	17,974	388,178	260,191	61,524	33,798	35,955	17,592
Non-current cash and investments	19,663	12,057	470,080	202,713	17,774	14,450	5,347	6,076
Capital assets	91,858	82,966	882,028	844,934	128,304	127,971	183,780	189,268
Other assets	-	-	50,314	29,417	2,547	2,629	4,768	1,734
TOTAL ASSETS	134,103	112,997	1,790,600	1,337,255	210,149	178,848	229,850	214,670
LIABILITIES, NET ASSETS AND ENDOWMENTS								
Bank indebtedness	-	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	11,892	16,720	194,600	153,284	19,848	16,912	18,325	18,886
Accrued vacation pay	5,281	5,032	72,322	64,825	9,369	8,463	8,654	7,952
Deferred contributions	5,237	3,227	119,880	84,135	9,274	7,272	7,650	1,606
Current portion of long term debt	-	-	807	378	-	-	34	-
Current Liabilities	22,410	24,979	387,609	302,622	38,491	32,647	34,663	28,444
Deferred contributions	488	872	52,692	53,366	2,547	2,629	-	-
Deferred capital contributions	19,175	11,185	460,629	168,152	28,867	5,599	9,696	6,743
Long-term debt	-	-	25,850	8,054	-	-	102	-
Unamortized external capital contributions	85,771	77,730	768,740	721,458	118,694	117,153	174,480	178,135
Other liabilities	-	-	13,744	14,492	-	-	-	-
TOTAL LIABILITIES	127,844	114,766	1,709,273	1,268,144	188,599	158,028	218,941	213,322
NET ASSETS AND ENDOWMENTS								
Accumulated surplus (deficit)	172	(7,005)	6,605	(33,035)	11,940	10,002	1,745	(9,785)
Investment in capital assets from internally funded sources	6,087	5,236	74,722	102,146	9,610	10,818	9,164	11,133
Endowments	-	-	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	6,259	(1,769)	81,327	69,111	21,550	20,820	10,909	1,348
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	134,103	112,997	1,790,600	1,337,255	210,149	178,848	229,850	214,670
CASH FLOWS								
Cash generated from (used by) operating activities	6,769	(148)	40,378	31,684	8,534	6,735	14,220	(4,631)
Cash used by investing activities	(21,843)	(5,540)	(436,710)	(126,402)	(12,379)	(9,504)	(4,697)	(9,174)
Cash generated from financing activities	20,393	4,093	422,790	84,178	30,950	9,131	6,142	7,059
Increase (decrease) in cash and cash equivalent	5,319	(1,595)	26,458	(10,540)	27,105	6,362	15,665	(6,746)
Cash and cash equivalent, beginning of year	13,015	14,610	150,500	161,040	23,477	17,115	4,955	11,701
Cash and cash equivalent, end of year	18,334	13,015	176,958	150,500	50,582	23,477	20,620	4,955
Non-current cash and investments, end of year	19,663	12,057	470,080	202,713	17,774	14,450	5,347	6,076
Total cash, cash equivalent and non-current investments, end of year	37,997	25,072	647,038	353,213	68,356	37,927	25,967	11,031

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	NORTHERN LIGHTS HEALTH REGION		ALBERTA MENTAL HEALTH BOARD		ALBERTA CANCER BOARD		HEALTH AUTHORITY TOTAL	
	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 ACTUAL	2003/04 ACTUAL
ASSETS								
Cash and investments	9,122	13,112	8,455	7,716	20,427	8,489	424,006	316,291
Accounts receivable	1,875	1,433	115	162	7,191	9,003	156,528	124,049
Contributions receivable from Alberta Health and Wellness	1,544	865	1,460	745	4,075	2,060	126,303	43,007
Inventories	565	555	-	-	6,098	4,508	52,524	45,544
Prepaid expenses	573	636	498	687	861	594	83,844	50,663
Current Assets	13,679	16,601	10,528	9,310	38,652	24,654	843,205	579,554
Non-current cash and investments	1,643	4,201	125	523	39,198	33,301	1,010,049	580,956
Capital assets	81,498	80,266	183	433	135,679	134,761	3,097,184	2,889,387
Other assets	1,788	907	-	-	-	-	111,339	82,713
TOTAL ASSETS	98,608	101,975	10,836	10,266	213,529	192,716	5,061,777	4,132,610
LIABILITIES, NET ASSETS AND ENDOWMENTS								
Bank indebtedness	360	-	-	-	-	-	5,091	2,142
Accounts payable and accrued liabilities	6,109	9,691	725	1,952	25,674	26,042	512,820	495,321
Accrued vacation pay	2,624	2,369	221	175	5,927	4,736	214,156	194,908
Deferred contributions	2,299	1,544	833	464	21,061	14,507	260,320	165,839
Current portion of long term debt	-	480	-	-	-	-	1,316	1,185
Current Liabilities	11,392	14,084	1,779	2,591	52,662	45,285	993,703	859,395
Deferred contributions	5	5	542	-	-	-	122,514	120,045
Deferred capital contributions	3,426	5,103	-	-	12,928	4,212	802,131	297,126
Long-term debt	-	-	-	-	-	-	43,706	25,774
Unamortized external capital contributions	77,832	76,429	115	327	118,884	119,693	2,796,319	2,570,936
Other liabilities	-	-	-	-	-	-	24,794	24,960
TOTAL LIABILITIES	92,655	95,621	2,436	2,918	184,474	169,190	4,783,167	3,898,236
NET ASSETS AND ENDOWMENTS								
Accumulated surplus (deficit)	2,287	2,517	8,332	7,242	12,260	8,458	26,473	(52,992)
Investment in capital assets from internally funded sources	3,666	3,837	68	106	16,795	15,068	251,987	287,216
Endowments	-	-	-	-	-	-	150	150
TOTAL NET ASSETS AND ENDOWMENTS	5,953	6,354	8,400	7,348	29,055	23,526	278,610	234,374
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	98,608	101,975	10,836	10,266	213,529	192,716	5,061,777	4,132,610
CASH FLOWS								
Cash generated from (used by) operating activities	(3,040)	7,323	358	(16,020)	13,995	8,074	97,196	22,621
Cash used by investing activities	(6,694)	(12,064)	381	527	(18,721)	(16,791)	(932,929)	(377,731)
Cash generated from financing activities	5,744	11,774	-	13	16,664	11,101	943,448	290,850
Increase (decrease) in cash and cash equivalent	(3,990)	7,033	739	(15,480)	11,938	2,384	107,715	(64,260)
Cash and cash equivalent, beginning of year	13,112	6,079	7,716	23,196	8,489	6,105	316,291	380,551
Cash and cash equivalent, end of year	9,122	13,112	8,455	7,716	20,427	8,489	424,006	316,291
Non-current cash and investments, end of year	1,643	4,201	125	523	39,198	33,301	1,010,049	580,956
Total cash, cash equivalent and non-current investments, end of year	10,765	17,313	8,580	8,239	59,625	41,790	1,434,055	897,247

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL
Salaries and Benefits	158,801	162,696	151,796	91,714	93,123	87,334	1,068,612	1,053,373	990,977	340,143	340,372	317,238
Contracts with health service operators	43,723	46,935	42,860	27,690	27,474	24,583	404,391	395,023	357,745	28,996	29,379	21,881
Contracts under the Health Care Protection Act	-	-	-	-	-	-	11,831	8,706	5,998	-	-	-
Drugs and gases	4,457	4,736	4,589	3,240	3,340	3,244	80,027	80,053	70,643	10,794	10,918	9,810
Medical and surgical supplies	6,485	7,064	6,232	3,960	4,020	3,696	89,793	90,185	84,447	11,173	11,290	10,244
Other contracted services	20,745	18,891	16,167	7,954	8,327	7,694	192,690	200,595	159,132	28,672	28,960	24,156
Interest on long-term debt	20	15	16	-	-	-	-	-	-	31	31	31
Other	30,232	30,863	29,762	18,775	19,129	18,073	204,799	192,311	175,360	66,739	67,853	67,625
Amortization:												
Capital equipment - internally funded	2,734	2,295	3,012	1,500	1,755	1,442	16,135	14,058	14,986	3,623	3,623	3,438
Capital equipment - externally funded	3,371	3,509	3,101	1,900	2,009	1,767	34,245	29,932	26,905	5,629	5,629	4,724
Facilities and Improvements	6,959	7,004	6,984	3,484	3,704	3,552	26,985	31,075	26,911	13,865	13,865	11,627
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	6,698	-	-	-	-
	277,527	284,008	264,519	160,217	162,881	151,385	2,129,508	2,102,009	1,913,104	509,665	511,920	470,774
Less amounts reported in ancillary operations	(1,507)	(1,557)	(1,467)	(1,000)	(954)	(969)	(15,174)	(19,192)	(17,506)	(5,758)	(5,881)	(4,159)
TOTAL EXPENSES	276,020	282,451	263,052	159,217	161,927	150,416	2,114,334	2,082,817	1,895,598	503,907	506,039	466,615

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL
Salaries and Benefits	78,324	78,638	73,600	1,028,004	1,030,733	974,170	139,079	135,902	125,268	140,580	137,749	128,489
Contracts with health service operators	89,951	91,904	88,614	593,500	595,023	541,487	28,254	29,164	26,681	4,622	5,375	5,527
Contracts under the Health Care Protection Act	-	-	-	3,550	3,332	3,270	-	-	-	-	-	-
Drugs and gases	1,460	1,641	1,572	73,800	74,052	66,155	3,754	3,626	3,413	3,874	3,934	3,943
Medical and surgical supplies	1,114	1,299	1,159	90,200	89,875	84,197	3,460	3,761	3,181	3,942	4,373	3,949
Other contracted services	5,183	4,845	6,103	124,823	125,190	116,974	11,118	11,947	10,174	13,120	14,178	12,422
Interest on long-term debt	-	-	-	682	1,340	497	-	-	-	-	6	-
Other	20,761	21,281	17,785	211,789	213,018	182,377	32,066	34,374	31,375	30,771	32,622	31,014
Amortization:												
Capital equipment - internally funded	700	537	644	26,000	37,988	27,699	1,947	1,787	1,894	1,128	1,212	1,138
Capital equipment - externally funded	1,209	1,315	1,266	38,277	39,171	31,978	2,982	2,690	2,151	2,599	3,074	2,576
Facilities and Improvements	3,265	3,602	3,264	31,723	31,403	34,489	5,257	5,234	5,271	6,291	6,946	6,291
Capital assets write down - equipment	-	-	-	14,000	14,284	5,784	-	-	-	-	(150)	13
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	201,967	205,062	194,007	2,236,348	2,255,409	2,069,077	227,917	228,485	209,408	206,927	209,319	195,362
Less amounts reported in ancillary operations	(665)	(676)	(665)	(34,179)	(36,925)	(42,444)	(1,168)	(1,056)	(1,094)	-	(216)	(196)
TOTAL EXPENSES	201,302	204,386	193,342	2,202,169	2,218,484	2,026,633	226,749	227,429	208,314	206,927	209,103	195,166

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL	2004/05 BUDGET	2004/05 ACTUAL	2003/04 ACTUAL
Salaries and Benefits	48,269	48,833	43,269	4,073	3,489	3,716	104,359	90,170	84,928	3,201,958	3,175,078	2,980,785
Contracts with health service operators	5,859	5,111	3,627	28,818	28,021	28,454	-	-	-	1,255,804	1,253,409	1,141,459
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	15,381	12,038	9,268
Drugs and gases	904	1,193	1,058	-	-	-	58,874	55,572	48,902	241,184	239,065	213,329
Medical and surgical supplies	1,412	1,808	1,192	-	-	-	2,601	2,917	2,627	214,140	216,592	200,924
Other contracted services	148	5,949	2,891	2,103	1,426	1,745	27,286	31,321	27,317	433,842	451,629	384,775
Interest on long-term debt	-	-	-	-	-	-	-	-	-	733	1,392	544
Other	16,586	13,748	12,235	3,188	2,266	2,516	46,140	49,877	45,341	681,846	677,342	613,463
Amortization:												
Capital equipment - internally funded	435	738	471	23	55	47	3,518	3,094	3,067	57,743	67,142	57,838
Capital equipment - externally funded	1,685	1,635	1,353	306	197	376	8,222	8,534	7,574	100,425	97,695	83,771
Facilities and Improvements	3,320	4,161	2,529	-	-	-	4,744	4,724	4,671	105,893	111,718	105,589
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	14,000	14,134	5,797
Capital assets write down - facilities and improvements	-	583	-	-	-	-	-	-	-	-	7,281	-
	78,618	83,759	68,625	38,511	35,454	36,854	255,744	246,209	224,427	6,322,949	6,324,515	5,797,542
Less amounts reported in ancillary operations	(650)	(972)	(938)	-	-	-	(4,018)	(5,451)	(4,759)	(64,119)	(72,880)	(74,197)
TOTAL EXPENSES	77,968	82,787	67,687	38,511	35,454	36,854	251,726	240,758	219,668	6,258,830	6,251,635	5,723,345

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	CHINOOK	PALLISER	CALGARY	DAVID THOMPSON	EAST CENTRAL	CAPITAL HEALTH	ASPEN
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(0.30%)	(1.91%)	0.02%	0.88%	3.84%	0.37%	0.32%
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	4.28%	4.13%	2.73%	4.53%	6.17%	2.51%	3.86%
III. WORKING CAPITAL							
Current Assets	30,781	23,147	152,055	66,124	22,582	388,178	61,524
Current Liabilities	40,990	34,075	291,152	78,480	22,410	387,609	38,491
WORKING CAPITAL RATIO	0.75	0.68	0.52	0.84	1.01	1.00	1.60
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes unusual items*	85.73%	80.81%	85.38%	86.44%	88.35%	83.77%	83.68%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.22	3.83	3.64	4.49	4.73	1.18	3.23
VI. TOTAL FTEs *(excludes Board)*	2,477	1,498	15,763	5,640	1,474	15,326	2,363

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	PEACE	NORTHERN LIGHTS	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2005	HEALTH AUTHORITY TOTAL 2004
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	4.37%	(0.49%)	2.88%	2.26%	0.54%	(2.51%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	5.12%	6.12%	14.22%	3.37%	3.27%	3.31%
III. WORKING CAPITAL						
Current Assets	35,955	13,679	10,528	38,652	843,205	579,554
Current Liabilities	34,663	11,392	1,779	52,662	993,703	859,395
WORKING CAPITAL RATIO	1.04	1.20	5.92	0.73	0.85	0.67
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes unusual items*	87.92%	81.54%	100.46%	80.88%	84.77%	82.35%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.91	4.54	0.73	5.25	2.66	2.96
VI. TOTAL FTEs *(excludes Board)*	2,042	771	39	1,359	48,752	47,913

TABLE VI

**HEALTH AUTHORITY SUMMARY OF
FEDERAL DIAGNOSTIC/MEDICAL
EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)**

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE
Diagnostic Imaging	658	539	119	1,064	1,064	-	5,107	2,028	3,079	4,066	367	3,699
Laboratory	352	228	124	-	-	-	140	141	(1)	-	-	-
Medical	250	244	6	-	-	-	8,619	7,710	909	-	-	-
Surgical	750	724	26	181	181	-	2,547	2,219	328	-	-	-
Rehabilitation	233	18	215	-	-	-	-	-	-	-	-	-
Patient Care Support	-	-	-	-	-	-	391	259	132	-	-	-
Total Expenditures	$ 2,243	$ 1,753	$ 490	$ 1,245	$ 1,245	$ -	$ 16,804	$ 12,357	$ 4,447	$ 4,066	$ 367	$ 3,699

TABLE VI

HEALTH AUTHORITY SUMMARY OF FEDERAL DIAGNOSTIC/MEDICAL EQUIPMENT FUND FOR THE YEAR ENDED MARCH 31, 2005

(In Thousands)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE
Diagnostic Imaging	831	386	445	8,529	11,676	(3,147)	832	832	-	153	5	148
Laboratory	161	-	161	-	-	-	304	304	-	255	223	32
Medical	607	17	590	3,312	2,960	352	119	119	-	670	229	441
Surgical	-	-	-	2,484	2,361	123	517	517	-	358	298	60
Rehabilitation	-	-	-	-	-	-	8	8	-	83	60	23
Patient Care Support	-	-	-	3,561	889	2,672	-	-	-	80	56	24
Total Expenditures	$ 1,599	$ 403	$ 1,196	$ 17,886	$ 17,886	$ -	$ 1,780	$ 1,780	$ -	$ 1,599	$ 871	$ 728

TABLE VI

HEALTH AUTHORITY SUMMARY OF
FEDERAL DIAGNOSTIC/MEDICAL
EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2005
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL			
	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	2004/05 PLANNED	2004/05 ACTUAL	UNSPENT BALANCE	UNSPENT %
Diagnostic Imaging	615	615	-	-	-	-	21,855	17,512	4,343	19.87%
Laboratory	-	-	-	-	-	-	1,212	896	316	26.07%
Medical	-	-	-	1,803	-	1,803	15,380	11,279	4,101	26.66%
Surgical	-	-	-	-	-	-	6,837	6,300	537	7.85%
Rehabilitation	-	-	-	-	-	-	324	86	238	73.46%
Patient Care Support	-	-	-	-	-	-	4,032	1,204	2,828	70.14%
Total Expenditures	$ 615	$ 615	$ -	$ 1,803	$ -	$ 1,803	$ 49,640	$ 37,277	$ 12,363	24.91%

Alphabetical List of Government Entities' Financial Statements in Ministry 2004/2005 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	Children's Services
Credit Union Deposit Guarantee Corporation	Finance

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

Ministry, Department, Fund or Agency	Ministry Annual Report
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Advanced Education[2]	Advanced Education
Ministry of Aboriginal Affairs and Northern Development[2]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[2]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[2]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[2]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[2]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[2]	Human Resources and Employment
Ministry of Infrastructure and Transportation[2]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science

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[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

[2] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of International and Intergovernmental Relations Relations	International and Intergovernmental
Ministry of Justice	Justice
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Restructuring and Government Efficiency	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Post Secondary Institutions	Advance Education
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Education
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

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Health Workforce Assistant Deputy Minister	Richard Butler	(780) 427-1310 Fax: (780) 415-8455
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SECTION

SECTION

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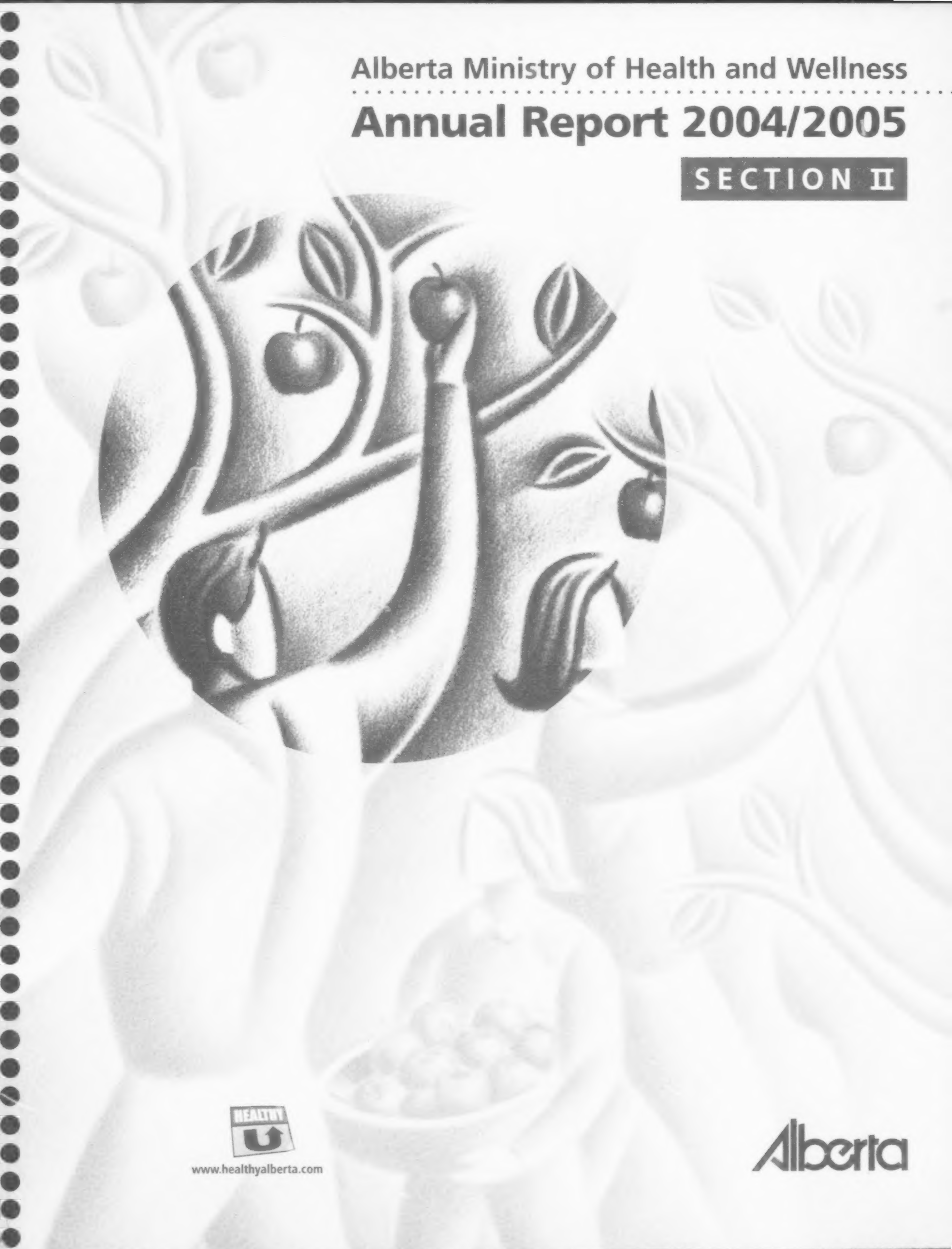
Alberta Ministry of Health and Wellness

Annual Report 2004/2005

SECTION II



www.healthyalberta.com

Alberta

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You can find this document on Alberta Health and Wellness' Internet website - www.health.gov.ab.ca

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Health Authorities
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Regional Health Authorities and Provincial Health Boards Contacts

For further information regarding the regional health authorities or provincial health boards, please contact:

2004/2005 Health Authorities	Region	Contact Phone Number
Chinook Regional Health Authority	R1	(403) 388-6009
Palliser Health Region	R2	(403) 528-5633
Calgary Health Region	R3	(403) 943-1111
David Thompson Regional Health Authority	R4	(403) 341-8622
East Central Health	R5	(780) 608-8820
Capital Health	R6	(780) 407-1000
Aspen Regional Health Authority	R7	(780) 349-8705
Peace Country Health	R8	(780) 538-5387
Northern Lights Health Region	R9	(780) 791-6161
Alberta Mental Health Board		(780) 422-2233
Alberta Cancer Board		(780) 412-6300

Chinook Regional Health Authority

Financial Statements

March 31, 2005

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2005

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority as at March 31, 2005 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
June 6, 2005

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Pam Whitnack
Chief Executive Officer — Date: *JUNE 6, 2005*

Chief Operating Officer — Date: *JUNE 6, 2005*

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2005
(thousands of dollars)

	2005	2004
ASSETS		
Current:		
Cash and investments (Note 3)	$ 18,698	$ 7,513
Accounts receivable (Note 4)	8,191	5,328
Inventories	2,314	2,111
Prepaid expenses	1,578	1,593
	30,781	16,545
Non-current cash and investments (Note 3)	16,709	19,458
Capital assets (Note 5)	176,950	175,776
Other assets (Note 6)	7,818	7,967
TOTAL ASSETS	$ 232,258	$ 219,746
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 24,036	$ 22,615
Accrued vacation pay	10,263	9,559
Deferred contributions (Schedule 3)	6,635	4,036
Current portion of long-term debt (Note 8)	56	71
	40,990	36,281
Deferred capital contributions (Note 7)	15,975	10,444
Long-term debt (Note 8)	178	233
Deferred Contributions - Healthy Aging Partnership (Note 9)	3,670	3,869
Unamortized external capital contributions (Note 10)	164,674	162,904
Other liabilities	367	68
	184,864	177,518
Net assets:		
Accumulated deficit	(5,788)	(6,771)
Investment in capital assets	12,042	12,568
Operating net assets	6,254	5,797
Endowments	150	150
	6,404	5,947
TOTAL LIABILITIES AND NET ASSETS	$ 232,258	$ 219,746

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

		2005		2004
		Budget (Note 11)	Actual	Actual
Revenue				
	Alberta Health and Wellness contributions (Note 12)	$ 241,571	$242,153	$ 216,851
	Other government contributions (Note 13)	3,419	4,451	3,661
	Fees and charges (Note 14)	19,074	18,223	16,436
	Ancillary operations, net (Note 15)	304	243	208
	Donations	312	406	391
	Investment and other income (Note 16)	5,164	5,831	5,208
	Amortization of external capital contributions (Note 10)	10,330	10,301	9,876
	TOTAL REVENUE	280,174	281,608	252,631
Expenses (Schedule 1)				
	Facility-based inpatient acute nursing care services	67,273	67,967	63,560
	Facility-based emergency and outpatient services	17,865	17,785	16,302
	Facility-based continuing care services	35,832	35,508	34,449
	Community-based care	14,949	15,617	12,916
	Home care	13,564	14,870	13,109
	Diagnostic and therapeutic services	47,286	48,157	43,860
	Promotion, prevention and protection services	10,279	10,584	10,207
	Administration (Note 17)	11,266	12,086	10,955
	Information technology	5,909	6,120	6,222
	Support services (Note 18)	44,736	46,796	44,532
	Amortization of facilities and improvements	7,061	6,961	6,940
	TOTAL EXPENSES	276,020	282,451	263,052
Excess (deficiency) of revenue over expenses		$ 4,154	$ (843)	$ (10,421)

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005					2004
	Operating					
	Accumulated Surplus/(Deficit)	Invested in Capital Assets from internally funded sources	Total Operating	Endowments	Total	Total
Deficiency of revenue over expense	$ (843)	$ -	$ (843)	$ -	$ (843)	$ (10,421)
Capital assets internally funded	(833)	833	-	-	-	-
Land acquired with external funds	-	1,300	1,300	-	1,300	-
Amortization on internally funded capital assets	2,729	(2,729)	-		-	-
Repayment of long-term debt used to fund capital assets	(70)	70	-	-	-	-
Net change	983	(526)	457	-	457	(10,421)
Balance at beginning of year	(6,771)	12,568	5,797	150	5,947	16,368
Balance at end of year	$ (5,788)	$ 12,042	$ 6,254	$ 150	$ 6,404	$ 5,947

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities			
Excess (deficiency) of revenue over expenses	$ 4,154	$ (843)	$ (10,421)
Non-cash transactions:			
Amortization of capital equipment - internally funded	2,691	2,419	2,860
Amortization of capital equipment - externally funded	3,371	3,509	3,101
Amortization of facilities and improvements	6,959	7,009	6,984
Gross amortization of external capital contributions (Note 10)	(10,330)	(10,308)	(9,883)
Loss (gain) on disposal of capital equipment	61	(129)	162
	6,906	1,657	(7,207)
Change in non-cash working capital accounts (Note 19)	(8,317)	4,263	7,184
Cash (used by) generated from operations	(1,411)	5,920	(23)
Investing activities:			
Purchase of capital assets:			
internally funded	-	(833)	(3,329)
externally funded - equipment	(4,743)	(3,769)	(4,145)
- facilities & improvements	(15,042)	(8,309)	(2,435)
- land	-	(1,300)	-
Proceeds on sale of capital assets	-	229	57
Change in other assets	352	149	(2,584)
Change in non-current cash	8,552	2,749	(1,270)
Cash used by investing activities	(10,881)	(11,084)	(13,706)
Financing activities:			
Capital contributions received (Note 7)	17,666	18,909	11,944
Change in non-cash working capital accounts (Note 19)	-	(2,590)	765
Principal payments on long-term debt used to fund capital assets	(204)	(70)	(87)
Principal payments on long-term debt - other		-	(345)
Proceeds on long-term debt	-	-	126
Change in other liabilities	-	299	-
Change in deferred contributions-Health Aging Partnership	(287)	(199)	(305)
Net change in non-current deferred contributions	-	-	(2,970)
Cash generated from financing activities	17,175	16,349	9,128
Increase (decrease) in cash and investments	4,883	11,185	(4,601)
Cash and investments, beginning of year	7,513	7,513	12,114
Cash and investments, end of year	$ 12,396	$ 18,698	$ 7,513
Cash and cash equivalents are defined as follows:			
Cash and investments	$ 12,396	$ 18,698	$ 7,513

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2005

(Thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Barons-Eureka-Warner Health Unit
- Border Counties General Hospital
- Cardston General Hospital
- Children's Assessment, Rehabilitation and Education Centre Society of South-western Alberta
- Chinook Health Unit
- Crowsnest Pass General and Auxiliary Hospital
- Fort Macleod Health Care Centre
- Fort Macleod Special Development Unit
- City of Lethbridge Health Unit
- Lethbridge Regional Hospital
- Magrath General Hospital
- Picture Butte Health Centre
- Pincher Creek Municipal Hospital
- Raymond General Hospital
- Taber and District Health Care Complex
- Raymond Care Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directives 24 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority participates in a defined benefit plan for a prescribed class of employees. Benefits are based on years of service and 1.75% of the excess of average of full calendar year earnings over a consecutive five year period for which such average is highest over average of maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the same consecutive five year period multiplied by the member's total years of healthcare (LAPP) eligible service after December 31, 1991. The plan is unfunded. The Authority accrues its obligation for the defined benefit pension plan as the employee renders the service necessary to earn benefits.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2005 because of the short-term maturity of these items.

The carrying value of long-term debt approximates fair value.

(g) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	10 - 25 years
Buildings	20 - 40 years
Equipment	5 - 15 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Capital assets are amortized over their estimated useful lives. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

The Region has an unsettled labour contract at March 31, 2005. The Region has accrued for this contract using management's best estimate. Actual results could differ from this estimate.

Note 3 Cash and Investments

	2005		2004	
	Market Value	Carrying Value	Market Value	Carrying Value
Cash and cash equivalents	$ 23,835	$ 23,835	$ 7,029	$ 7,029
Term deposits	634	634	649	649
Fixed income securities	9,374	8,931	16,063	15,464
Equities	2,769	2,007	4,883	3,829
	$ 36,612	35,407	$ 28,624	26,971
Amount held for non-current purposes		(16,709)		(19,458)
		$ 18,698		$ 7,513

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(i) Term deposits with Alberta Treasury Branches maturing as follows:
- Maturing May 2005 and bearing interest at 2.5%.
- Maturing July, 2009 and bearing interest at 4.27% paid annually.

(ii) Fixed-income securities have an average effective yield of 5.19% per annum for securities maturing between 1 and 10 years. As at March 31, 2005, the securities have the following term structure based on par:

	%
1 to 5 years	34.62
5 to 10 years	36.74
Over 10 years	28.64

Note 3 Cash and Investments (continued)

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security election and sector rotation.

Non-current cash and investments represent the following:

	2005	2004
Endowments	$ 150	$ 150
Externally restricted for capital acquisitions	15,975	10,444
Externally restricted for specific purposes	584	548
Other	-	8,316
	$ 16,709	$ 19,458

Note 4 Accounts Receivable

	2005	2004
Contributions receivable	$ 3,421	$ 830
Accounts receivable - patients and other	4,770	4,498
	$ 8,191	$ 5,328

Note 5 Capital Assets

	Cost					Accumulated Amortization					
	Opening Balance Apr 1/04	Cost Transfers from CIP	Additions	Disposals	Closing Balance Mar 31/05	Opening Balance Apr 1/04	Current Year Amortization	Amortization on Disposals	Closing Balance Mar 31/05	Net Book Value 2005	Net Book Value 2004
Land	$ 2,402	$ -	$ 1,300	$ -	$ 3,702	$ -	$ -	$ -	$ -	$ 3,702	$ 2,402
Other Non-depreciable Assets	46		-		46				-	46	46
Land Improvements	4,192				4,192	3,587	97		3,684	508	605
Buildings and Improvements	242,573	5,398	1,404		249,375	93,018	6,818		99,836	149,539	149,555
Leasehold Improvements	215	993	-		1,208	43	93		136	1,072	172
Major Equipment - Other	60,436		3,820	1,284	62,972	44,224	4,265	1,225	47,264	15,708	16,212
Major Equipment - Information Systems	12,180	1,180	373	209	13,524	9,617	1,540	168	10,989	2,535	2,563
Major Equipment - Software Licenses	933	(300)	193		826	278	124		402	424	655
Construction in Progress (CIP)	3,566	(7,420)	7,270		3,416			-		3,416	3,566
	$ 326,543	$ (149)	$ 14,360	$ 1,493	$ 339,261	$ 150,767	$ 12,937	$ 1,393	$ 162,311	$ 176,950	$ 175,776

Note 5 Capital Assets (continued)

(a) Land

Land at the Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value

(b) Leased Capital Assets

	Cost Mar 31/05	Accumulated Amortization Mar 31/05	Net Book Value 2005	Net Book Value 2004
Buildings and Improvements[1]	$ 28.017	$ 3,501	$ 24,516	$ 25,216
Major Equipment - Other	286	210	76	133
	$ 28,303	$ 3,711	$ 24,592	$ 25,349

[1] The building and improvements under capital lease pertain to the transfer of assets from St. Michael's Health Centre to Alberta Infrastructure. Alberta Infrastructure subsequently leased these assets to the Authority.

Capital assets have been funded from the following sources:

	2005	2004
Externally funded	$ 164,674	$ 162,908
Internally funded	12,042	12,564
Financed by debt	234	304
	$ 176,950	$ 175,776

Note 6 Other Assets

	2005	2004
Long-term receivable		
Supportive Living Options	$ 7,739	$ 7,870
Participating Physicians	79	97
	$ 7,818	$ 7,967

The amounts included in the Supportive Living Options are forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for a term of 20 years effective from the date of commencement of operations, unless otherwise terminated.

The Chinook Health Region provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea clinic. These costs will be reimbursed to the Chinook Health Region over the term of the existing agreement of 5 years.

Note 7 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2005	2004
Amounts received:		
Restricted Alberta Health and Wellness	$ 8,243	$ 2,380
Restricted other government	9,645	8,160
Restricted investment income (Note 16)	11	14
Other	316	-
Regional shared information program	75	300
Transferred from (to) deferred contributions (Schedule 3)		
Donations	658	618
Other	(39)	472
	18,909	11,944
Transferred (to) from:		
Unamortized external capital contributions (Note 10)		
Other	(11,345)	(5,662)
Donations	(658)	(618)
Regional shared information program	(75)	(300)
	(12,078)	(6,580)
Investment in Capital Assets	(1,300)	-
	(13,378)	(6,580)
Change during the year	5,531	5,364
Balance, beginning of year	10,444	5,080
Balance, end of year	$ 15,975	$ 10,444
Balance at end of year is restricted for the following purposes:		
Equipment replacement	1,335	552
New construction	14,640	9,892
	$ 15,975	$ 10,444

Note 8 Long-term Debt

	2005	2004
Debentures	$ 138	$ 152
Obligations under capital leases	96	152
	234	304
Less: current portion	56	71
Long-term portion	$ 178	$ 233

Note 8 Long-term Debt (continued)

Future payments	Capital Leases	Debentures	Total
For the year ended March 31:			
2006	41	15	56
2007	25	16	41
2008	25	17	42
2009	5	19	24
2010 and thereafter	-	71	71
	96	138	234

Capital leases expire on various dates to May, 2008. Debentures mature in March, 2012 and bear interest at a rate of 9.5%.

Note 9 Deferred Contributions – Healthy Aging Partnership

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Region's residents are recorded as long-term deferred contributions.

During the year the Authority amortized $257 (2004 - $265) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

Note 10 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (b) (iii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2005	2004
Balance, beginning of year	$ 162,904	$166,207
Transfers from deferred capital contributions (Note 7)		
Other	11,345	5,662
Donations	658	618
Regional shared health information program	75	300
	12,078	6,580
Less amounts recognized as revenue		
Amortized external capital contributions: equipment	(3,505)	(3,097)
Amortized external capital contributions: facilities and improvements	(6,796)	(6,779)
Amortization - Ancillary operations	(7)	(7)
	(10,308)	(9,883)
Balance, end of year	$ 164,674	$162,904

Note 11 Budget

	2004/05 Approved Budget (1)
Revenue:	
Alberta Health and Wellness contributions	$ 241,571
Other government contributions	3,419
Fees and charges	19,074
Net ancillary operations	304
Donations	312
Investment and other income	5,164
Amortization of external capital contributions	10,330
Total revenue	280,174
Expenses:	
Facility-based inpatient acute nursing care services	67,273
Facility-based emergency and outpatient services	17,865
Facility-based continuing care services	35,832
Community-based care	14,949
Home care	13,564
Diagnostic and therapeutic services	47,286
Promotion, prevention and protection services	10,279
Administration	11,266
Information technology	5,909
Support services	44,736
Amortization of facilities and improvements	7,061
Total expenses	276,020
Excess of revenue over expense	$ 4,154

(1) The budget was approved by the members of the Authority on September 1, 2004 and submitted to the Minister of Health and Wellness.

Note 12 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions	$ 234,758	$ 211,153
Transfers from deferred contributions (Schedule 3)	6,960	5,255
Healthy Aging Partnership (Note 9)	257	265
Alberta Health and Wellness payments to contract operators		
Non-district nursing home capital upgrade progam	178	178
	$ 242,153	$ 216,851

Alberta Health and Wellness Contributions include an unrestricted contribution of $7,337 to eliminate the Authority's accumulated deficit as at March 31, 2004. This contribution has been included in revenue in the current year.

Note 13 Other Government Contributions

	2005	2004
Persons with Developmental Disabilities		
South Alberta Board (Schedule 3)	$ 2,387	$ 2,123
Transfers from deferred contributions (Schedule 3)	780	756
Alberta Infrastructure (Schedule 3)	346	166
	3,513	3,045
Fair value of rent less rent charges for non-acute care facilities used by the Authority	938	616
	$ 4,451	$ 3,661

Note 14 Fees and Charges

	Inpatient/Resident		Outpatient		Total	
	2005	2004	2005	2004	2005	2004
Acute Care						
Uninsured resident of Alberta	$ 9	$ 11	$ 32	$ 27	$ 41	$ 38
Out-of-province	1,371	1,270	1,300	1,034	2,671	2,304
Out-of-country base amount	118	71	66	60	184	131
Out-of-country surcharge	148	65	64	56	212	121
WCB Standard charges	311	316	1,044	801	1,355	1,117
Federal	9	37	65	53	74	90
Uninsured medical services	-	37	158	119	158	156
Preferred accomodation	42	88	-	-	42	88
Continuing care standard ward	101	126		-	101	126
Continuing care semi-private	63	41	-	-	63	41
Continuing care private	76	5	-	-	76	5
	2,248	2,067	2,729	2,150	4,977	4,217
Continuing Care						
Continuing care standard ward	307	309		-	307	309
Continuing care semi-private	2,327	2,506	-	-	2,327	2,506
Continuing care private	1,964	1,499	-	-	1,964	1,499
Out-of-province	-	13	-	-	-	13
	4,598	4,327	-	-	4,598	4,327
Home Care						
Homemaking Fees	-	-	19	12	19	12
Public Health	-	-	264	220	264	220
Other	8,335	7,626	30	34	8,365	7,660
Total	$ 15,181	$ 14,020	$ 3,042	$ 2,416	$ 18,223	$ 16,436

Note 15 Ancillary Operations

	2005						2004
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	$ 1,018	$ 83	$ 366	$ 326	$ 1,793	$ 1,811	$ 1,668
Amortization of deferred capital contributions		2	5		7		7
	1,018	85	371	326	1,800	1,811	1,675
Expenses							
Other expenses	909	83	54	459	1,505	1,460	1,413
Amortization	3	2	46	1	52	47	54
	912	85	100	460	1,557	1,507	1,467
Excess (deficiency) of revenues over expenses	$ 106	$ -	$ 271	$ (134)	$ 243	$ 304	$ 208

Note 16 Investments and Other Income

	2005	2004
Investment Income Earned		
Unrestricted resources	$ 1,691	$ 1,612
Restricted resources for capital assets	11	14
Restricted resources for special purpose programs	-	80
Resources held for endowment	5	4
	1,707	1,710
Other Income		
Transfers from deferred contributions (Schedule 3)	1,469	1,353
Other	2,666	2,239
	5,842	5,302
Less amounts deferred		
Restricted for capital asset acquisition (Note 7)	(11)	(14)
Restricted for special purpose programs	-	(80)
	$ 5,831	$ 5,208

Investment income is comprised of interest and dividends and gains or losses on the sale of investments.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 17 Administration

	2005	2004
General administration	$ 6,463	$ 5,792
Finance	1,625	1,489
Human Resources	2,058	1,797
Administration - contract operators (Schedule 4)	1,940	1,877
	$ 12,086	$ 10,955

Note 18 Support Services

	2005	2004
Bad Debt Expense	$ 613	$ 105
Bio-Medical Engineering	740	617
Building maintenance, operations and security	11,618	11,440
Communications	661	646
Education	775	633
Housekeeping	4,520	4,321
Laundry and linen	1,386	1,393
Materials management	4,114	4,116
Patient food services	7,208	6,892
Patient health records	2,631	2,521
Patient registration	1,269	1,295
Patient transportation	1,802	1,831
Volunteer services	370	361
Support Services-contract operators (Schedule 4)	9,089	8,361
	$ 46,796	$ 44,532

Note 19 Changes in Non-Cash Working Capital Accounts

	2005	2004
Accounts receivable	$ (2,863)	$ 847
Inventories	(203)	(325)
Prepaid expenses	15	(770)
Accounts payable and accrued liabilities	1,421	7,736
Accrued vacation pay	704	760
Current portion of deferred contributions	2,599	(299)
	$ 1,673	$ 7,949
Reflected in the Statement of Cash Flows as:		
Operating activities	$ 4,263	$ 7,184
Financing activities	(2,590)	765
	$ 1,673	$ 7,949

Note 20 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province of Alberta are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

Note 20 Related Parties (continued)

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2005	2004
Total assets	$ 183	$ 96
Total liabilities	(3)	(3)
Net assets	$ 180	$ 93
Revenue	$ 200	$ 82
Expenses	(113)	(65)
Excess of revenue over expenses	$ 87	$ 17

The resources of the Foundation amounting to $72 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2005	2004
Total assets	$ 28	$ 7
Total liabilities	(3)	(1)
Net assets	$ 25	$ 6
Revenue	$ 52	$ 31
Expenses	(33)	(66)
Excess (deficiency) of revenue over expenses	$ 19	$ (35)

The resources of the Foundation amounting to $22 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

Note 20 Related Parties (continued)

(iii) North County Health Foundation (established October 16, 1997)

	2005	2004
Total assets	$ 73	$ 57
Total liabilities	(7)	-
Net assets	$ 66	$ 57
Revenue	$ 62	$ 17
Expenses	(53)	(8)
Excess of revenue over expenses	$ 9	$ 9

The resources of the Foundation amounting to $18 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2005	2004
Total assets	$ -	$ 35
Total liabilities	-	(1)
Net assets	$ -	$ 34
Revenue	$ -	$ 9
Expenses		(9)
Excess of revenue over expenses	$ -	$ -

The financial statements for the Fort Macleod and District Health Foundation were not available for the year ending March 31, 2005.

Note 20 Related Parties (continued)

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2005	2004
Total assets	$ 59	$ 51
Total Liabilities	(5)	-
Net assets	$ 54	$ 51
Revenue	$ 157	$ 67
Expenses	(154)	(92)
Excess (deficiency) of revenue over expenses	$ 3	$ (25)

The resources of the Foundation amounting to $11 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 78	$ 27	$ 149	$ 30
Cardston and District Health Foundation	7	52	22	3
North County Health Foundation	32		18	48
Fort Macleod and District Health Foundation	-	-	-	
Windy Slopes Health Foundation	122	65	11	43
	$ 239	$ 144	$ 200	$ 124

Note 20 Related Parties (continued)

(d) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective communities. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the Income Tax Act. Financial information for these foundations is as follows:

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Lethbridge Regional Hospital Foundation	$ 543	$ 547	$ 4,765	$ 156
Taber and District Health Foundation	73	131	568	306
	$ 616	$ 678	$ 5,333	$ 462

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 20 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		As at March 31	
	2005	2004	2005	2004
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 18	$ 12	$ 3	$ 3
Cardston and District Health Foundation	18	12	3	1
North County Health Foundation	12	6	7	-
Fort Macleod and District Health Foundation	-	-	-	-
Windy Slopes Health Foundation	17	4	5	-
Other Foundations:				
Lethbridge Regional Hospital Foundation	220	180	263	183
Taber and District Health Foundation	14	15	4	34
	$ 299	$ 229	$ 285	$ 221

(e) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2005, $35 (2004 - $55) was due to the Authority for net inter-entity transactions.

(f) Voluntary and Private Health Service Operations

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services in the Region. Details are presented in Schedule 4.

Note 21 Pension Costs

a) The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $7,064 for the year ended March 31, 2005 (2004 - $5,598).

At December 31, 2004, the Local Authorities Pension Plan reported a deficiency of $1,288,924 (2003 - deficiency of $1,453,487).

b) The Authority established a defined benefit pension plan for a prescribed class of employees effective March 3, 2004. The pension plan is unfunded. At March 31, 2005 the unamortized accrued benefit obligation is $367. The significant actuarial assumptions in measuring the Authority's accrued benefit obligation as of March 31, 2005 are as follows:

Discount Rate	6.00%
Increase in pensionable earnings	3.50%
Increase in maximum pension permitted Under income tax act	3.50%

Note 22 Commitments and Contingencies

The Authority is committed to future capital upgrade projects in the amount of $11,686.

The Authority procured natural gas futures brokered through Cinergy Canada Inc. for the period of April 1, 2005 to October 31, 2005. This natural gas was contracted for supply to the Lethbridge Regional, Crowsnest Pass, Raymond, Taber, Fort Macleod, Milk River and St. Michael's Health Care facilities for 600 gigajoules per day. All usage above this amount during the contract period is purchased from the spot market.

The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to March, 2006.

Note 23 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 24 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Amendment Regulation (A.R. 127/2002) from incurring an operating deficit. If a regional health authority incurs an operating deficit, further action would normally be required. The Authority incurred an operating deficit of $843 for the year ended March 31, 2005.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Board of the Authority.

Schedule 1

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	Budget	2005	2004
Salaries & Benefits (Schedule 2)	$ 158,801	$ 162,696	$ 151,796
Contracts with health service operators (Schedule 4)	43,723	46,935	42,860
Drugs & gases	4,457	4,736	4,589
Medical & surgical supplies	6,485	7,064	6,232
Other contracted services	20,745	18,891	16,167
Interest on long term debt	20	15	16
Other[1]	30,232	30,863	29,762
Amortization:			
Capital equipment - internally funded	2,734	2,295	3,012
Capital equipment - externally funded	3,371	3,509	3,101
Facilities and improvements	6,959	7,004	6,984
	277,527	284,008	264,519
Less amounts reported in ancillary operations (Note 15)	(1,507)	(1,557)	(1,467)
	$ 276,020	$ 282,451	$ 263,052

[1] Other

Included in other expense are the following:

	Budget	2005	2004
Supplies	$ 13,525	$ 13,764	$ 13,289
Minor equipment and maintenance	6,204	6,436	6,647
Travel	3,405	3,596	3,405
Utilities	4,763	4,401	4,705
Other	2,335	2,666	1,736
	$ 30,232	$ 30,863	$ 29,762

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

Schedule 2

		2005							2004			
						Severance[4]						
		Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Benefits, Honoraria[2] [3]	Severance[4]	Total
Authority/Member Compensation												
Chairperson	Ady, Jack	1	$ 30	$ -	$ 30	-	$ -	$ 30	1	$ 25	$ -	$ 25
Members	Bier, Donna	1	12	-	12	-	-	12	1	15	-	15
	Bishoff, Phyllis	1	8	-	8	-	-	8	1	12	-	12
	Farr, James	1	11	-	11	-	-	11	1	15	-	15
	Hickman, Lloyd	1	7	-	7	-	-	7	1	1	-	1
	Kelly, Inez	1	9	-	9	-	-	9	1	10	-	10
	Marra, Sam	1	16	-	16	-	-	16	1	10	-	10
	Olsen, Thaine	1	9	-	9	-	-	9	1	10	-	10
	Paterson, Beverley	1	13	-	13	-	-	13	1	13	-	13
	Reti, Roy	1	10	-	10	-	-	10	1	11	-	11
	Sanford, Arthur	1	12	-	12	-	-	12	1	14	-	14
	Schindeler, Douglas J.	1	13	-	13	-	-	13	1	12	-	12
Total Honoraria		12	150	-	150	-	-	150	12	148	-	148
Staff Compensation												
Chief Executive Officer[5]		0.10	21	9	30	-	-	30	-	-	-	-
Chief Executive Officer - (retired)[5,6]		0.90	233	348	581	-	-	581	1	300	-	300
Management reporting to CEO:												
Senior Vice President[6]		0.90	160	25	185	-	-	185	1.00	201	-	201
Chief Clinical Officer		0.10	24	-	24	-	-	24	-	-	-	-
Vice President Medical Services[5]		0.90	267	-	267	-	-	267	1.00	286	-	286
Chief Operating Officer		0.10	14	9	23	-	-	23	-	-	-	-
Vice President Finance & Administration[6]		0.90	130	12	142	-	-	142	1.00	163	-	163
Executive Director Fund Development		1.00	104	22	126	-	-	126	1.00	123	-	123
Director Communications		1.00	75	14	89	-	-	89	1.00	84	-	84
Vice President Community Health (MOH)		-	-	-	-	-	-	-	0.38	63	-	63
Other management persons reporting directly to those above		23.00	2,303	468	2,771	-	-	2,771	21.56	2,601	84	2,685
Other Management		95.01	7,875	1,698	9,573	3	68	9,641	98.04	9,250	108	9,358
Medical Doctors not included above		37.04	2,526	297	2,823	-	-	2,823	45.69	2,633	-	2,633
Regulated Nurses not included above - RN's, Reg, Psych Nurses, Grad Nurses		752.89	51,094	10,845	61,939	-	-	61,939	752.15	59,029	-	59,029
LPN's		167.69	6,964	1,426	8,390	5	71	8,461	161.18	7,724	-	7,724
Other Health Technical and Professionals		404.60	26,900	5,429	32,329	-	-	32,329	388.74	28,553	5	28,558
Unregulated Health Service Providers		147.67	4,698	1,013	5,711	4	14	5,725	148.86	5,410	9	5,419
Other Staff		843.02	30,367	6,952	37,319	9	71	37,390	839.48	35,004	18	35,022
Total Staff Compensation		2,476.82	133,755	28,567	162,322	21	224	162,546	2,462.08	151,424	224	151,648
Total		2,488.82	$ 133,905	$ 28,567	$ 162,472	21	$ 224	$ 162,696	2,474.08	$ 151,572	$ 224	$ 151,796

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2005

1) Full Time Equivalent (FTE is determined at the rate of 2022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,147 (2004 – 3,574).

"Individuals" are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.

2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short term disability, earned vacation leave and other remuneration.

3) Benefits and allowances include employer's share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, Workers Compensation, car allowance, professional membership and recruitment and relocation expenses.

4) Severance includes all monies paid or payable directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severance's disclosed in the schedule is the discrete number of individuals.

5) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowance.

6) The Chief Executive Officer retired February 28, 2005.

The Senior Vice President assumed responsibility of the Chief Executive Officer on March 1,2005.

The Vice President Finance and Administration assumed responsibility of the Chief Operating Officer on March 1, 2005, accepting new responsibilities.

The Vice President Medical Services assumed responsibility of the Chief Clinical Officer on March 1, 2005.

Schedule 3

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
AS AT MARCH 31, 2005
(thousands of dollars)

SCHEDULE OF DEFERRED CONTRIBUTIONS		Amounts received or receivable				Amounts recognized as revenue						
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Investments and other	Contributions Returned	Transfers (to)/From Capital	Closing Balance March 31, 2005
Alberta Health and Wellness:												
Aborigianl Health Initiative	$ 41	$ 49	$ -	$ -	$ -	$ 44	$ -	$ -	$ -	$ -	$ -	$ 46
Ambulance Transition	-	275	-	-	-	123	-	-	-	-	-	152
Capacity building fund (integrated chronic disease prevention and management)	553	861	-	-	-	458	-	-	-	-	-	956
Early childhood development	321	435	-	-	-	467	-	-	-	-	-	289
Early childhood development-mental health	-	174	-	-	-	174	-	-	-	-	-	-
Emergency Medical Technician-Paramdic Training	-	139	-	-	-	-	-	-	-	-	-	139
Enhancement of Discharge Planning	70	38	-	-	-	86	-	-	-	-	(15)	7
Equity buyout - Coaldale	-	1,400	-	-	-	486	-	-	-	-	-	914
Health Families (Action for Health)	-	100	-	-	-	100	-	-	-	-	-	-
Immunization Grant	-	335	-	-	-	62	-	-	-	-	-	273
Information security compliance	111	312	-	-	-	111	-	-	-	-	-	312
Local Primary Care Initiative	-	100	-	-	-	100	-	-	-	-	-	-
Max Utilization of Specialty Assessment Resources Across the Continum of Care	-	167	-	-	-	-	-	-	-	-	-	167
Regional Health Information Program	-	318	-	-	-	111	-	-	-	-	(143)	64
Rural on call	189	1,360	-	-	-	1,276	-	-	-	-	-	282
Service delivery changes	559		-	-	-	125	-	-	-	-	-	434
Specialist on call	593	3,662	-	-	-	3,109	-	-	-	-	-	1,146
Stanford Management Training	-	63	-	-	-	-	-	-	-	-	-	63
System transition	340	-	-	-	-	46	-	-	-	-	(132)	162
Taber Project	57	-	-	-	-	21	-	-	-	-	(17)	19
Telehealth Grant	-	60	-	-	-	60	-	-	-	-	-	-
Varicella Immunization	-	1	-	-	-	1	-	-	-	-	-	-
RSHIP	-	-	-	-	17	-	-	-	-	-	-	17
Other contributors:												
AADAC grant	24	-	88	-	-	-	74	-	-	-	-	38
Lethbridge Youth Foundation (sponsor for Health Canada)	-	-	131	-	-	-	131	-	-	-	-	-
Persons with Development Disabilites (SDU unit)	140	-	2,282	-	-	-	2,387	-	-	-	-	35
Southwest Alberta Child and Family Services Authority - Families First	47	-	341	-	-	-	343	-	-	(45)	-	-
Southwest Alberta Child and Family Services Authority - First Steps	-	-	232	-	-	-	232	-	-	-	-	-
Alberta Mental Health Board SHIP grant transferred	11	-	-	-	-	-	-	-	-	-	-	11
Manulife Financial - Group Insurance demutualization	27	-	-	-	-	-	-	-	-	-	-	27
Poverty project	20	-	-	-	-	-	-	-	18	-	-	2
Taber Research Project	56	-	-	-	-	-	-	-	37	-	-	19
University of Calgary-PBMA project	31	-	-	-	-	-	-	-	-	-	-	31
Aboriginal Youth Sucide	-	-	-	-	10	-	-	-	-	-	-	10
AHFMR-SEARCH grant	6	-	-	-	9	-	-	-	-	-	-	15
Alberta Cancer Board-Cervical screening program	10	-	-	-	45	-	-	-	35	-	-	20
Calgary Health Region-Shared Mental health (Capacity Building Fund)	201	-	-	-	307	-	-	-	261	-	-	247
Geriatric education	2	-	-	-	17	-	-	-	18	-	-	1
Glaxo-Smith Klien-Diabetes Prissime project	-	-	-	-	50	-	-	-	-	-	-	50
Heart Failure Clinic	18	-	-	-	1	-	-	-	19	-	-	-
Local Primary Care Initiative	-	-	-	-	74	-	-	-	74	-	-	-
Obesity Clinic	-	-	-	-	50	-	-	-	37	-	-	13
PHAA-Telehealth - 1st Nations Enhanced Discharge Planning	-	-	-	-	23	-	-	-	-	-	-	23
Provincial Alzheimer and Dementia Front Line Training	-	-	-	-	22	-	-	-	-	-	-	22
Raymond Care Centre canteen	2	-	-	-	46	-	-	-	48	-	-	-
Westwinds School Division-Student Health Partnership-Childrens Health	20	-	-	-	787	-	-	-	807	-	-	-
Westwinds School Division-Student Health Partnership-Mental Health	-	-	-	-	85	-	-	-	85	-	-	-
Other	40	-	-	-	34	-	-	-	30	-	-	44
Transfer from Capital-Infrastructure Admin fee/Feasibility Studies	-	-	-	-	-	-	155	-	-	-	155	-
Transfer from Capital-Infrastructure St. Mikes Telephone system funding	-	-	-	-	-	-	191	-	-	-	191	-
Donations	547	-	-	1,100	-	-	-	405	-	(8)	(658)	585
Total 2005	$ 4,036	$ 9,858	$ 3,074	$ 1,109	$ 1,577	$ 6,960	$ 3,513	$ 405	$ 1,469	$ (53)	$ (619)	$ 6,635
Total 2004	$ 7,305	$ 5,655	$ 2,828	$ 1,036	$ 1,478	$ 5,255	$ 3,045	$ 379	$ 1,353	$ (3,144)	$ (1,090)	$ 4,036

Schedule 4

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2005
(thousands of dollars)

Facility Name	Direct Region Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community-based services	Home care	Diagnostic and therapeutic services	Administration	Information Technology	Support Services	Total Expenditures
Voluntary														
St. Michael's Health Centre	$ 10,441	$ -	$ 3,166	$ 13,607	$ -	$ -	$ 8,346	$ -	$ -	$ 899	$ 812	$ 101	$ 3,449	$ 13,607
Coaldale Health Care Centre	2,731	-	694	3,425	-	489	1,741	-	-	214	187	-	794	3,425
Victorian Order of Nurses	88	-	36	124	-	-	-	124	-	-	-	-	-	124
Private									-					
Edith Cavell Nursing Home	5,053	-	1,928	6,981	-	-	4,045	-	-	451	397	-	2,088	6,981
Extendicare - Lethbridge	4,897	-	1,771	6,668	-	-	3,940	-	-	438	384	-	1,906	6,668
Extendicare - Fort Macleod	2,049	178	770	2,997	-	-	1,803	-	-	182	160	-	852	2,997
Designated Assisted Living														
Good Samaritans	4,055	-	-	4,055	-	-	-	4,055	-	-	-	-	-	4,055
Green Acres	460	-	-	460	-	-	-	460	-	-	-	-	-	460
Home Care Providers	7,583	-	-	7,583	-	-	-	-	7,583	-	-	-	-	7,583
Mental Health Community Agencies	1,035	-	-	1,035	-	-	-	1,035	-	-	-	-	-	1,035
Total 2005	$ 38,392	$ 178	$ 8,365	$ 46,935	$ -	$ 489	$ 19,875	$ 5,674	$ 7,583	$ 2,184	$ 1,940	$ 101	$ 9,089	$ 46,935
Total 2004	$ 35,022	$ 178	$ 7,660	$ 42,860	$ 64	$ 468	$ 19,189	$ 4,580	$ 6,106	$ 2,114	$ 1,877	$ 101	$ 8,361	$ 42,860

PALLISER HEALTH REGION

FINANCIAL STATEMENTS

March 31, 2005

Statement of Management Responsibility
Auditors' Report
Statement of Financial Position
Statement of Operations
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Schedule 3 – Schedule of Deferred Contributions
Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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PALLISER HEALTH REGION
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
Financial Statements
March 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Palliser Health Region Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. Palliser has also established a code of ethics and corporate directives, which require communication of the code to employees.

Palliser's board members carry out their responsibility for the financial statements through the Corporate Services Committee. This Committee meets with management and the external auditors, Johnston Morrison Hunter & Co LLP, to review financial matters, and recommends the financial statements to the Palliser Health Region Board for approval. The external auditors have free access to the Corporate Services Committee.

The external auditors, Johnston Morrison Hunter & Co. LLP, provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Tom Seaman
President - Chief Executive Officer

Richard Van Orman
Vice President - Corporate Services

JOHNSTON
MORRISON
HUNTER
& Co. LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH REGION AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS

We have audited the statement of financial position of the **Palliser Health Region** as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Region as at March 31, 2005 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter & Co. LLP

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 26, 2005

PALLISER HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2005
(thousands of dollars)

	2005	2004
ASSETS		
Current assets:		
Cash and short-term investments (note 3)	$10,233	$7,673
Accounts receivable	4,457	3,915
Contributions receivable from Alberta Health and Wellness	6,454	464
Inventories	982	858
Prepaid expenses	1,021	361
	23,147	13,271
Non-current investments (note 3)	18,812	22,248
Non-current advance - continuing care partnerships (note 4)	9,999	6,390
Capital assets (note 5)	71,719	71,188
	$123,677	$113,097
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank indebtedness (note 3)	$4,731	$2,142
Accounts payable and accrued liabilities	9,713	9,119
Accrued vacation pay	6,124	5,893
Deferred contributions (schedule 3)	13,507	5,569
	34,075	22,723
Deferred contributions - continuing care partnerships (note 4)	9,999	6,390
Unamortized external capital contributions (note 6)	63,334	64,676
Net assets:		
Accumulated surplus (note 7)	7,884	12,796
Investment in capital assets from internally funded sources	8,385	6,512
	16,269	19,308
	$123,677	$113,097

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION

STATEMENT OF OPERATIONS

Year ended March 31, 2005

(thousands of dollars)

	2005 *Budget* (unaudited, note 8)	2005 Actual	2004 Actual
Revenue:			
Alberta Health & Wellness contributions (schedule 3)	*$130,847*	$130,847	$121,809
Other government contributions (schedule 3)	*3,446*	3,446	3,550
Fees and charges (note 10)	*13,933*	14,936	14,443
Ancillary operations, net (note 11)	*202*	275	254
Donations (schedule 3)	*300*	378	264
Investment and other income (note 12)	*2,647*	3,322	3,254
Amortization of external capital contributions (note 6)	*5,384*	5,684	5,290
	156,759	158,888	148,864
Expenses (schedule 1):			
Facility-based inpatient acute nursing services	*39,687*	40,173	37,809
Facility-based emergency and outpatient services	*7,581*	7,392	7,291
Facility-based continuing care services	*21,215*	21,164	19,866
Ambulance services (note 18)	*1,400*	1,445	942
Community-based care	*6,924*	7,352	6,545
Home care	*7,253*	8,003	7,291
Diagnostic and therapeutic services	*28,422*	28,799	26,458
Promotion, prevention and protection services	*4,659*	4,799	4,078
Administration (note 13)	*6,440*	6,684	5,908
Information technology	*2,277*	2,728	2,120
Support services (note 14)	*30,159*	30,117	28,809
Amortization of facilities and improvements	*3,200*	3,271	3,239
	159,217	161,927	150,416
Deficiency of revenue over expenses	*($2,458)*	($3,039)	($1,552)
		A	B

Footnote A - Deficiency of Revenue over Expenses for 2005 of ($3,039)

The deficiency of revenue over expenses is consistent with the approved 2005 business plan.

Footnote B - Deficiency of Revenue over Expenses for 2004 of ($1,552)

The deficiency of revenue over expenses is consistent with the approved 2004 business plan.

PALLISER HEALTH REGION

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2005

(thousands of dollars)

	2005 Accumulated Surplus (Note 7)	2005 Investment in Capital Assets From Internally Funded Sources	2005 Total	2004 Total
Deficiency of revenue over expenses	($3,039)		($3,039)	($1,552)
Capital assets purchased with internal funds	(3,628)	3,628	0	0
Amortization on internally funded capital assets	1,755	(1,755)	0	0
Net change	(4,912)	1,873	(3,039)	(1,552)
Net assets, beginning of year	12,796	6,512	19,308	20,860
Net assets, end of year	$7,884	$8,385	$16,269	$19,308

PALLISER HEALTH REGION
STATEMENT OF CASH FLOWS
Year ended March 31, 2005
(thousands of dollars)

	2005 *Budget*	2005 Actual	2004 Actual
	(unaudited - note 9)		
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	*($2,458)*	($3,039)	($1,552)
Non cash transactions:			
Amortization of capital equipment - internally funded	*1,500*	1,755	1,442
Amortization of capital equipment - externally funded	*1,900*	2,009	1,767
Amortization of facilities and improvements	*3,200*	3,300	3,268
Amortization of continuing care partnership project	*284*	404	284
Amortization of external capital contributions (note 6)	*(5,384)*	(5,713)	(5,319)
Change in non-cash working capital		1,447	1,584
	(958)	163	1,474
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	*(4,100)*	(3,628)	(3,554)
Externally funded - equipment	*(1,500)*	(2,316)	(2,131)
Externally funded - facilities and improvements	*(600)*	(1,651)	(550)
Investment in Continuing Care Partnership		(4,013)	0
Purchase of investments		0	(3,518)
Proceeds on sale of investments	*3,000*	3,436	3,589
	(3,200)	(8,172)	(6,164)
Financing activities:			
Capital contributions received (schedule 3)	*2,100*	7,980	2,681
Increase in bank indebtedness		2,589	2,142
	2,100	10,569	4,823
Increase (decrease) in cash and short-term investments	*(2,058)*	2,560	133
Cash and short-term investments, beginning of year	*5,531*	7,673	7,540
Cash and short-term investments, end of year	*$3,473*	$10,233	$7,673

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Region ("Palliser") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. Palliser is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

Palliser is responsible for the delivery of appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of Palliser include the following facilities and sites:

Bassano Health Centre
Bow Island Health Centre and Alfred Egan Home
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Empress Home Care Office
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Medicine Hat Community Mental Health Office – Provincial Building
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except to the extent disclosed in Note 17 and Schedule 4.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. The following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

2. Significant Accounting Policies and Reporting Practices (continued)

(iii) Restricted Contributions – Continuing Care Partnership Projects

Externally restricted contributions received for the construction of continuing care facilities in the Region operated by voluntary private health service contract operators are recorded as Deferred Contributions – Continuing Care Partnership Project and are recognized as revenue in the periods in which the related amortization expense of the funded Non-current Advance – Continuing Care Partnership Project is recorded.

(iv) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized External Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(v) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist Palliser in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Service Providers

Palliser accounts for all revenues and costs related to services carried out for which it is responsible.

Palliser contracts with voluntary and private providers to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of Palliser.

Revenue earned by contracted health service providers from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Palliser. An equivalent amount is recorded as contracted health service expense of Palliser.

2. Significant Accounting Policies and Reporting Practices (continued)

c) Employee Future Benefits

Palliser participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for Palliser's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Palliser has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer's contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. Palliser does not record its portion of the pension plan's deficit or surplus.

Palliser fully accrues its obligations for employee non-pension future benefits.

d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there has been an other than temporary decline in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized using the straight-line method over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items. It is management's opinion that Palliser is not exposed to significant interest, currency or credit risks arising from these financial instruments, except as disclosed in these financial statements.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. In common with general industry practice, inventories are expensed when issued from central inventory locations to the end user departments.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

2. Significant Accounting Policies and Reporting Practices (continued)

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

i) Measurement Uncertainty - Use of Estimates and Assumptions

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. For example, amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

3. Cash, Investments and Bank Indebtedness

Palliser pools its cash and investment funds with Health Foundations and other associated third parties within the Region. The cash and investments are held in Palliser's name and consist of the following:

	2005	2004
Cash	$ 7,781	$ 4,376
Bonds	20,233	32,087
Bank indebtedness	(4,731)	(2,142)
Less Health Foundations' funds	(4,498)	(4,359)
Less Third Party funds	(3,471)	(2,183)
	$ 24,314	$ 27,779

Cash and investments are classified as follows:

	2005	2004
Cash and short-term investments	$ 10,233	$ 7,673
Non-current investments (unrestricted)	18,812	22,248
Bank indebtedness	(4,731)	(2,142)
	$ 24,314	$ 27,779

Cash has an effective yield related to prime interest rate. Bonds have effective yields of 4.40% to 10.63% (2004 – 4.22% to 10.63%).

Total pooled funds have a market value of $2,142 greater than book value (2004 - $2,626). Valuation of bonds has been obtained from independent brokerage firms.

Included in cash and short-term investments is $7,724 (2004 - $4,331) held in a capital bank account representing advances from Alberta Infrastructure for capital and renovation projects. These funds are not available for Palliser's general operations.

At the fiscal year end, the investments have the following maturity structure:

	2005	2004
1 to 5 years	53%	36%
6 to 10 years	41%	47%
11 to 15 years	6%	17%
	100%	100%

Palliser has arranged a line of credit facility of up to $5,000,000, secured by a general security agreement over all of its assets. The line of credit is payable on demand with interest calculated at prime interest rate less 0.25%.

4. Non-Current Advance - Continuing Care Partnerships

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary private health service contract operators, are recorded as a non-current advance.

Palliser uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, Palliser finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the predicted life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnerships and each year a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (iii). The portion included in revenue, representing the amount forgiven during the year, is disclosed in note 8.

During 2002, funding of $7.100 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project. During 2005, funding of $4.013 million was received from Alberta Infrastructure and advanced to Club Sierra Lifestyles at River Ridge Inc. for the construction of the 50 bed Club Sierra Project.

5. Capital Assets

	Cost			
	Opening Balance Apr 1 04	Asset Additions	Asset Disposals	Closing Balance Mar 31 05
Land	$ 852	$ -	$ -	$ 852
Buildings	110,763	367	-	111,130
Land improvements	2,533	-	-	2,533
Building service equipment	14,748	921	-	15,669
Equipment	27,375	5,944	-	33,319
Construction in progress	743	363	-	1,106
	$ 157,014	$ 7,595	$ -	$ 164,609

	Accumulated Amortization				Net Book Value
	Opening Balance Apr 1 04	Additions	Disposals	Closing Balance Mar 31 05	Closing Balance Mar 31 05
Land	$ -	$ -	$ -	$ -	$ 852
Buildings	56,259	2,592	-	58,851	52,279
Land improvements	2,403	108	-	2,511	22
Building service equip	12,036	600	-	12,636	3,033
Equipment	15,128	3,764	-	18,892	14,427
Construction in progress	-	-	-	-	1,106
	$ 85,826	$ 7,064	$ -	$ 92,890	$ 71,719

Capital assets have been funded from the following sources:

	2005	2004
Externally funded (Unamortized External Capital Contributions)	$ 63,334	$ 64,676
Internally funded (Investment in Capital Assets)	8,385	6,512
	$ 71,719	$ 71,188

6. Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a) (v). The balance at the end of year represents external capital contributions that will be recognized as revenue in future years when the related capital asset amortization expense is recorded.

	2005	2004
Unamortized external capital contributions, beginning of year	$ 64,676	$ 67,030
Amounts transferred from		
Deferred Contributions (schedule 3)	7,980	2,681
Amounts transferred to		
Continuing Care Partnerships (note 4)	(4,013)	-
Amounts recognized as revenue		
Amortized external capital contributions: Equipment	(2,009)	(1,767)
Amortized external capital contributions: Facilities and Improvements	(3,271)	(3,239)
Amortized external capital contributions: Ancillary operations	(29)	(29)
Unamortized external capital contributions, end of year	$ 63,334	$ 64,676

Amortization of external capital contributions, included in revenue for the year, is as follows:

	2005	2004
Continuing Care Partnerships (note 4)	$ 404	$ 284
Capital Assets (above)	5,280	5,006
	$ 5,684	$ 5,290

7. Accumulated Surplus

Palliser's accumulated surplus comprises the following:

	2005	2004
Unrestricted net assets	$ -	$ -
Internally restricted net assets:		
Commitments to identified capital equipment items	455	890
Future capital equipment replacement	7,429	11,906
	$ 7,884	$ 12,796

8. Commitments and Contingencies

Palliser has entered into various multi-year commitments for the purchase of consumables, reagents and chemicals. Also, Palliser contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against Palliser. Palliser has determined that there will be no material adverse effect on its financial position from these claims.

At March 31, 2005, Palliser and the Alberta Union of Provincial Employees (AUPE) have not yet agreed on contract terms covering AUPE staff for the period from April 1, 2004 to March 31, 2005. For fiscal 2005, Palliser has recorded an accrual for its best estimate of the contract settlement costs. The actual contract settlement costs are not known but are not expected to be materially different from the recorded accrual.

9. Budget (unaudited)

	Approved Budget (a)	Additional Funding (b)	Adjust-ments (c)	Reported Budget
Revenue:				
Alberta Health & Wellness contributions	$129,770	$1,077		$130,847
Other government contributions	2,635	811		3,446
Fees and charges	13,933			13,933
Net ancillary operations	202			202
Donations	300			300
Investment and other income	2,647			2,647
Amortization of external capital contributions	5,384			5,384
	154,871	1,888	0	156,759
Expenses:				
Facility-based inpatient acute nursing services	39,657	30		39,687
Facility-based emergency and outpatient servic	7,581			7,581
Facility-based continuing care services	21,744	71	(600)	21,215
Ambulance services	1,000	400		1,400
Community-based care	6,924			6,924
Home care	6,653		600	7,253
Diagnostic and therapeutic services	28,422			28,422
Promotion, prevention and protection services	4,256	403		4,659
Administration	6,440			6,440
Information technology	2,277			2,277
Support services	29,175	984		30,159
Amortization of facilities and improvements	3,200			3,200
	157,329	1,888	0	159,217
Deficiency of revenue over expenses	($2,458)	$0	$0	($2,458)

(a) **Approved Budget** - The budget was approved by the Palliser Health Region Board in September 2004 and submitted to the Minister for Health and Wellness for approval.

(b) **Additional Funding** - Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

(c) **Adjustments** - Budget figures have been reclassified to conform with the presentation of the 2005 actual amounts.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005
(thousands of dollars)

10. Fees and Charges

	Inpatient Resident		Outpatient		Total	
	2005	2004	2005	2004	2005	2004
Acute Care:						
Out-of-province	$ 3,370	$ 3,392	$ 1,369	$ 948	$ 4,739	$ 4,340
Out-of-country base amount	72	88	28	28	100	116
Out-of-country surcharge	89	108	34	34	123	142
WCB standard charges	147	405	844	684	991	1,089
Federal	18	44	119	164	137	208
Uninsured medical services	77	94	97	107	174	201
Preferred accommodation	62	66			62	66
Continuing care semi-private and private	64	99			64	99
	3,899	4,296	2,491	1,965	6,390	6,261
Continuing Care:						
Continuing care ward, semi-private and private	8,546	8,182			8,546	8,182
	$ 12,445	$ 12,478	$ 2,491	$ 1,965	$ 14,936	$ 14,443

11. Ancillary Operations

			2005	2004
	Non-patient Food Services	Other Ancillary Operations	Total	Total
Revenue:				
Operating revenue	$ 712	$ 488	$ 1,200	$ 1,194
Amortization of external capital contributions		29	29	29
Direct Expenses:				
Other expenses	(712)	(200)	(912)	(930)
Amortization	(13)	(29)	(42)	(39)
Excess (deficiency) of revenue over expenses	($ 13)	$ 288	$ 275	$ 254

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Other Ancillary Operations include rental operations (RRC building) and parking operations (Medicine Hat).

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005
(thousands of dollars)

12. Investment and Other Income

	2005	2004
Investment income	$ 1,632	$ 1,876
Other income	1,690	1,378
	$ 3,322	$ 3,254

Investment income comprises interest, amortization of discounts and premiums and net gains on disposal of investments.

Other income comprises Student Health Initiative Program (SHIP), WCB compensation, rental income and miscellaneous recoveries.

13. Administration

	2005	2004
General administration	$ 2,854	$ 2,579
Finance	1,414	1,273
Personnel	1,421	1,172
Administration – voluntary and private providers (schedule 4)	995	884
	$ 6,684	$ 5,908

14. Support Services

	2005	2004
Building maintenance, operations and security	$ 8,657	$ 8,713
Education	1,336	1,112
Housekeeping	3,245	3,109
Laundry and linen	1,316	1,330
Materials management	1,964	1,853
Patient food services	3,520	3,517
Patient health records	1,338	1,422
Patient registration	1,184	1,143
Other	102	101
Support services – voluntary and private providers (schedule 4)	7,455	6,509
	$ 30,117	$ 28,809

15. Related Party – Province of Alberta and Other Health Authorities

Palliser is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints Palliser's Board Members. Palliser is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between Palliser and the Province are disclosed in the Statement of Operations and in the notes and schedules to the financial statements.

Palliser shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between Palliser and other health authorities are conducted on normal commercial terms, are not material to the financial statements of Palliser and are reported in the appropriate expense classification in the Statement of Operations.

16. Related Parties - Community Health Foundations

Palliser formed five Foundations in 1996 and has the ability to appoint two of Palliser's Members to each Foundation board.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of Palliser.

Palliser provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unres-tricted	Externally Restricted	2005 Total	2004 Total
Bassano & District Health Foundation	$ 5	$ 14	$ 19	$ 20
Bow Island & District Health Foundation	46	23	69	51
Brooks & District Health Foundation	116	136	252	252
Medicine Hat & District Health Foundation	3,132	972	4,104	3,995
Oyen & District Health Care Foundation	50	13	63	47
	$ 3,349	$ 1,158	$ 4,507	$ 4,365

Contributions received by Palliser during the year, representing the purchase cost of capital and non-capital items selected by the Foundations, are as follows:

	2005	2004
Bassano & District Health Foundation	$ 30	$ 32
Bow Island & District Health Foundation	56	41
Brooks & District Health Foundation	238	152
Medicine Hat & District Health Foundation	675	463
Oyen & District Health Care Foundation	11	51
	$ 1,010	$ 739

17. Related Parties - Voluntary and Private Health Service Providers

Palliser has an economic interest through its contracts with voluntary and private health service providers. Transactions between Palliser and health service providers are conducted on normal commercial terms and are presented in Schedule 4.

18. Subsequent Events

As of April 1, 2005, the governance and funding of ground ambulance services will be transferred from municipalities to Palliser. The anticipated financial effect of this transfer will be to increase Palliser's revenue and expenses by $4,397 in 2006.

19. Pension Costs

Palliser participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to Palliser's annual contributions payable of $4,004 for the year ended March 31, 2005 (2004 - $3,221).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficiency of $1.289 billion (December 31, 2003 - actuarial deficiency of $1.411 billion).

20. Comparative Figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

21. Approval of Financial Statements

These financial statements have been approved by the Palliser Health Region Board.

PALLISER HEALTH REGION

Schedule 1

SCHEDULE OF EXPENSES BY OBJECT
Year ended March 31, 2005
(thousands of dollars)

	Budget	2005 Actual	2004 Actual
	(unaudited - note 9)		
Salaries and benefits (schedule 2)	*$91,714*	$93,123	$87,334
Contracts with health service providers (schedule 4)	*27,690*	27,474	24,583
Drugs and gases	*3,240*	3,340	3,244
Medical and surgical supplies	*3,960*	4,020	3,696
Other contracted services	*7,954*	8,327	7,694
Other expenses	18,775	19,129	18,073
Amortization			
Capital equipment - internally funded	*1,500*	1,755	1,442
Capital equipment - externally funded	*1,900*	2,009	1,767
Facilities and improvements	*3,200*	3,300	3,268
Continuing care partnership project	*284*	404	284
Less amounts reported in ancillary operations (note 11)	*(1,000)*	(954)	(969)
	$159,217	$161,927	$150,416

PALLISER HEALTH REGION

Schedule 2(a)

SCHEDULE OF SALARIES AND BENEFITS
Year ended March 31, 2005
(thousands of dollars)

	2005					2004			
	FTE (a)	Salaries and Honoraria (b)	Benefits and Allowances (c)	Severance (d)	Total	*FTE* (a)	Salaries Benefits & Allowances (b)-(c)	Severance (d)	Total
Board Members Compensation:									
Carol Secondiak (Chair)		$25			$25		$12		$12
Len Mitzel (former Chair)		14			14		32		32
Jim Black		–			–		9		9
Hugh English		–			–		10		10
Leo Hill		3			3		8		8
Albert McFadyen		11			11		14		14
Leva Olstad		10			10		11		11
Lynne Sampson		6			6		8		8
Ken Sauer		8			8		8		8
Marilyn Shields		9			9		11		11
Rod Sommerfeld		15			15		10		10
		$112			$112		$133		$133
Staff:									
President - Chief Executive Officer	*1.0*	213	40		253	1.0	216		216
Senior Vice President - Health Services	*1.0*	109	74		183	1.0	101		101
Vice President - Corporate Services	*1.0*	131	23		154	1.0	143		143
Vice President - Community Health	*1.0*	119	21		140	1.0	131		131
Vice President - Planning & Capital Development	*1.0*	113	21		134				
Vice President - Medical Services	*0.8*	233			233	[illegible]	228		228
Other Management reporting to those above	*26*	2,284	418		2,702	[illegible]	[illegible]		[illegible]
Other Management	*18*	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]
Regulated Nurses:									
RNs, RPNs, Grad Nurses	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]
LPNs	[illegible]	4,788	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]
Other Health Technical & Professionals	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]
Unregulated Health Service Providers	[illegible]	4,018	845		[illegible]	[illegible]	[illegible]		[illegible]
Other Staff	[illegible]	[illegible]	[illegible]		30,564	[illegible]	[illegible]		[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The accompanying notes are an integral part of this Schedule.

PALLISER HEALTH REGION

Schedule 2(b)

SCHEDULE OF SALARIES AND BENEFITS - NOTES
Year ended March 31, 2005
(thousands of dollars)

(a) FTE

The full time equivalent (FTE) has been determined based on the number of hours worked in a standard work year, which is generally 2,023 hours for most occupation groups.

Full time equivalent for Board Members has not been calculated as these individuals are remunerated on a stipend basis.

The total actual discrete number of individuals employed during the year was 2,395 (2004 - 2,285).

Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs & Revenue Agency (CCRA) guidelines and rulings.

(b) Salaries and Honoraria

Salaries and honoraria include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, earned vacation leave and other remuneration.

(c) Benefits and Allowances

Benefits and allowances represent employer contributions or payments made on behalf of employees including:

Employment insurance
Canada pension plan
Provincial pension plan
Workers compensation
Health and dental coverage
Long term and short term disability plans
Accidental death and dismemberment plans
Group life insurance

(d) Severance

Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

The severance recorded during the year represents payments to 0 employees (2004 - 0).

PALLISER HEALTH REGION

Schedule 3

SCHEDULE OF DEFERRED CONTRIBUTIONS

Year ended March 31, 2005

(thousands of dollars)

Grant	Opening Balance April 1, 2004	Amounts Received or Receivable			Amounts Recognized as Revenue			Transfer to Unamort. External Capital Contrib.	Closing Balance March 31, 2005
		Alberta Health & Wellness	Other Governmt Contrib.	Foundations	Alberta Health & Wellness	Other Governmt Contrib.	Foundations		
Alberta Health & Wellness Unrestricted and Restricted Contributions:									
Global Funding	$ -	$ 125,773			$ 125,773				$ -
Legacy Mortgage Assistance Program	-	203			203				$ -
Ambulance Governance Transfer		400			400				$ -
Ambulance Pilot Project		4,397							$ 4,397
Diagnostic/Medical Equipment	-	1,245						1,245	$ -
Early Childhood Development	150				150				$ -
Paramedic Training		98							$ 98
Physician On Call-Rural		548			548				$ -
Physician On Call-Specialist	549	2,377			2,234				$ 692
Regional Shared Hlth Info Prog (RSHIP)		556			117			439	$ -
Security of Systems		228			-				$ 228
Other		1,422			1,422				$ -
Other Government Restricted Contributions:									
PDD - Alfred Egan Home Funding	-		2,706			2,706			$ -
Alberta Infrastructure - IMP and HSI	4,870		5,613			740		1,651	$ 8,092
Alberta Infrastructure - Cont. Care Partnership			4,013					4,013	$ -
Foundations:									
Funding of Equipment and Programs	-			1,010			378	632	$ -
Total 2004/05	$ 5,569	$ 137,247	$ 12,332	$ 1,010	$ 130,847	$ 3,446	$ 378	$ 7,980	$ 13,507

Grant	Opening Balance April 1, 2004	Alberta Health & Wellness	Other Governmt Contrib.	Foundations	Alberta Health & Wellness	Other Governmt Contrib.	Foundations	Transfer to Unamort. External Capital Contrib.	Closing Balance March 31, 2005
Total 2003/04	$ 2,610	$ 123,049	$ 7,475	$ 739	$ 121,809	$ 3,550	$ 264	$ 2,681	$ 5,569

PALLISER HEALTH REGION

Schedule 4

SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS

Year ended March 31, 2005

(thousands of dollars)

Facility Name	Providers' Revenue				Providers' Expenditures							
	Direct Palliser Funding	Direct Alberta Health Funding	Approved Patient Fees & Charges	Total	Facility-based Continuing care services	Community-based care	Home care	Diagnostic & Therapeutic services	Promotion, Prevent. & Protect. services	Administration	Support services	Total
A. Voluntary Providers												
Good Samaritan Society	$ 2,993		$ 1,350	$ 4,343	$ 2,069	$ 165	$ 164	$ 162		$ 149	$ 1,634	$ 4,343
South Country Village	3,815		1,700	5,515	3,159		197	246		213	1,700	5,515
B. Private Providers												
Agecare	1,685		750	2,435	1,464		10	114		97	750	2,435
Central Park Lodge	5,187	203	2,200	7,590	4,539			353		295	2,403	7,590
Club Sierra	1,278		400	1,678	1,017			79		62	520	1,678
Medicine Hat Diag. Lab	4,477			4,477				3,850		179	448	4,477
LeisureWay & Meadow lands	462			462	298		164					462
Other Private Providers	974			974		580		243	151			974
Total 2004/05	$ 20,871	$ 203	$ 6,400	$ 27,474	$ 12,546	$ 745	$ 535	$ 5,047	$ 151	$ 995	$ 7,455	$ 27,474

Total 2003/04	$ 18,780	$ 203	$ 5,600	$ 24,583	$ 10,986	$ 600	$ 577	$ 4,851	$ 176	$ 884	$ 6,509	$ 24,583

Calgary Health Region

Consolidated Financial Statements

March 31, 2005

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

Management's Responsibility for Financial Reporting

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Schedule 2 - Consolidated Schedule of Salaries and Benefits

Schedule 3 – Consolidated Schedule of Deferred Contributions

Schedule 4 – Consolidated Schedule of Contracts with Health Service Operators

CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Region. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Governance and Audit Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Calgary Health Region Board for approval. The Auditor General of Alberta has free access to the Governance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Jack Davis
President and Chief Executive Officer

Kay Best

Kay Best, FCA
Executive Vice President, Risk Management and
Chief Financial Officer

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Calgary Health Region and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region as at March 31, 2005 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
June 3, 2005

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2005
(thousands of dollars)

	2005 Actual	2004 Actual
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	$ 45,687	$ 20,485
Accounts receivable	36,013	38,983
Contributions receivable from Alberta Health and Wellness	43,454	13,306
Inventories	21,089	19,003
Prepaid expenses	5,812	3,098
	152,055	94,875
Non-current cash and investments (Note 3)	390,961	240,298
Capital assets (Note 4)	939,770	802,763
Lease receivable (Note 9)	8,360	8,465
Other assets (Note 5)	3,407	3,552
TOTAL ASSETS	$ 1,494,553	$ 1,149,953
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 162,326	$ 163,318
Accrued vacation pay	74,114	67,884
Current portion of deferred contributions (Schedule 3)	54,494	29,948
Current portion of obligations under capital leases (Note 9)	218	204
	291,152	261,354
Deferred contributions (Schedule 3)	30,657	30,336
Deferred capital contributions (Note 6)	221,698	60,739
Obligations under capital leases (Note 9)	16,717	16,927
Long-term employee benefit liabilities (Note 7)	10,683	10,400
Unamortized external capital contributions (Note 8)	851,470	703,641
	1,422,377	1,083,397
Net Assets:		
Accumulated deficit	(7,658)	(24,002)
Investment in capital assets	79,834	90,558
	72,176	66,556
Commitments (Notes 10 and 17)		
TOTAL LIABILITIES AND NET ASSETS	$ 1,494,553	$ 1,149,953

The accompanying notes and schedules are part of these consolidated financial statements

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005 Budget (Note 11)	2005 Actual	2004 Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 1,757,976	$ 1,778,273	$ 1,570,621
Other government contributions (Note 13)	22,310	19,017	19,133
Fees and charges (Note 14)	133,879	136,276	123,989
Ancillary operations, net (Note 15)	10,130	12,412	10,089
Donations	7,803	976	6,172
Investment and other income (Note 16)	66,467	74,317	65,194
Amortization of external capital contributions (Note 8)	57,083	61,986	49,544
TOTAL REVENUE	2,055,648	2,083,257	1,844,742
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	624,668	598,503	542,553
Facility-based emergency and outpatient services	273,352	265,071	238,976
Facility-based continuing care services	169,300	164,510	154,570
Ambulance services	6,513	8,280	6,363
Community-based care	84,620	78,237	68,951
Home care	88,471	88,483	76,403
Diagnostic and therapeutic services	405,667	405,483	372,267
Promotion, prevention and protection services	48,975	47,686	46,531
Research and education	27,228	27,234	22,271
Administration (Note 18)	59,187	56,809	54,833
Information technology	40,306	43,618	40,455
Support services (Note 19)	260,667	261,917	247,366
Amortization of facilities and improvements	25,380	30,292	26,059
Writedown of capital assets (Note 4(d))	-	6,698	-
TOTAL EXPENSES	2,114,374	2,082,817	1,895,598
Excess (deficiency) of revenue over expenses	$ (58,686)	$ 440	$ (50,856)

The accompanying notes and schedules are part of these consolidated financial statements

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005						2004	
	Accumulated Deficit		Investment in Capital Assets		Total		Total	
Excess (deficiency) of revenue over expenses	$	440	$	-	$	440	$	(50,856)
Capital assets purchased with internal funds		(2,827)		2,827		-		-
Land purchased with external funds (Note 6)		-		5,180		5,180		-
Amortization of internally funded capital assets		18,829		(18,829)		-		-
Repayment of obligations under capital lease net of collections from lease receivable		(98)		98		-		-
Boundary re-alignment		-		-		-		(18)
Net change		16,344		(10,724)		5,620		(50,874)
Balance, beginning of year		(24,002)		90,558		66,556		117,430
Balance, end of year	$	(7,658)	$	79,834	$	72,176	$	66,556

The accompanying notes and schedules are part of these consolidated financial statements

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CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005				2004	
	Budget		Actual		Actual	
Operating activities						
Excess (deficiency) of revenue over expenses	$	(58,686)	$	440	$	(50,856)
Non-cash transactions						
Amortization (Schedule 1)		77,365		81,763		68,802
Amortization of external capital contributions (Note 8)		(57,820)		(62,934)		(50,423)
Other		(959)		749		(2,361)
		(40,100)		20,018		(34,838)
Changes in non-cash working capital (Note 23)		(24,000)		(5,865)		46,036
Cash generated from (used by) operations		(64,100)		14,153		11,198
Investing activities						
Purchase of capital assets						
Internally funded - equipment		-		(2,827)		(10,934)
Internally funded - facilities and improvements		-		-		(2,190)
Externally funded - equipment (Note 6)		(87,034)		(55,757)		(45,206)
Externally funded - facilities and improvements (Note 6)		(168,211)		(155,006)		(99,418)
Externally funded – land (Note 6)		-		(5,180)		
Proceeds from (investment in) lease receivable		(102)		98		(8,567)
Sublease building under capital lease		-		-		8,567
Proceeds on disposal of land		-		-		3,713
Net change in non-current cash and investments		40,801		(150,663)		6,033
Changes in non-cash working capital (Note 23)		-		9,902		1,896
Cash used by investing activities		(214,546)		(359,433)		(146,106)
Financing activities						
Capital contributions (Note 6)		215,609		376,902		104,871
Decrease in obligations under capital leases		(204)		(196)		(118)
Changes in non-cash working capital (Note 23)		-		(6,224)		(517)
Cash generated from financing activities		215,405		370,482		104,236
Increase (decrease) in current cash and cash equivalents	$	(63,241)		25,202		(30,672)
Current cash and cash equivalents, beginning of year				20,485		51,157
Current cash and cash equivalents, end of year			$	45,687	$	20,485

The accompanying notes and schedules are part of these consolidated financial statements

CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000 and subsequently adopted the name Calgary Health Region (the "Region"). The Region is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Region delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following facilities and sites:
- Calgary acute care facilities
  - Alberta Children's Hospital
  - Foothills Medical Centre
  - Peter Lougheed Centre
  - Rockyview General Hospital
- Psychiatric rehabilitation facility
  - Claresholm Care Centre
- Rural acute and continuing care facilities
  - Canmore General Hospital
  - Claresholm General Hospital
  - Didsbury District Health Services
  - High River General Hospital
  - Little Bow Continuing Care Centre (in Carmangay)
  - Oilfields General Hospital (in Black Diamond)
  - Strathmore District Health Services
  - Vulcan Community Health Centre
  - Willow Creek Continuing Care Centre (in Claresholm)
- Carewest facilities
  - Colonel Belcher
  - Dr. Vernon Fanning Centre
  - George Boyack
  - Glenmore Park
  - Nickle House
  - Royal Park
  - Signal Pointe
  - Sarcee

Note 1 Authority, Purpose and Operations (continued)

Community health centres and health units for public health and community care – eleven sites within Calgary and twelve sites outside of Calgary.

Mental health clinics – ten throughout the Region.

Laboratory services – Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region. Certain information on these facilities is disclosed in Note 20(f) and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 24 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated. Information on foundations and wholly owned subsidiaries is disclosed in Note 20(c) and (e).

(2) These consolidated financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the funded capital asset is recorded.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Region accounts for all costs and revenues from services for which it is responsible. The fair value of costs of service is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as the Region's fees and charges. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.

(iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions and as program expenses, as contract payments from the Region do not include an amount for the use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting. Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Region does not record its portion of the pension plan's deficit or surplus.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

The Region also provides a defined contribution pension plan for one employee group.

The Region fully accrues its obligations for employee non-pension future benefits, including long term disability.

(d) Investments

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued vacation pay approximate their fair value because of the short-term maturity of these items. The carrying values of lease receivable and obligations under capital lease approximate their fair values because the interest rates approximate market values.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and net realizable value.

(g) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	5 - 40 years
Buildings and improvements	10 - 40 years
Building service equipment	10 - 40 years
Leased buildings and improvements	term of lease
Equipment	3 - 20 years

Work in progress is not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Region are accounted for as acquisitions of capital assets funded by long-term obligations.

(h) Trust Funds Received by the Region for Non-owned Facilities

The Region receives trust funds from Alberta Infrastructure to pay to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 22.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2005	2004
	(thousands of dollars)	
Cash	$ 196,784	$ 70,270
T-Bills, commercial paper and discount notes	90,644	23,556
Bonds (market value 2005 - $105,267)	100,034	112,252
Equities (market value 2005 - $67,136)	49,186	54,705
	$ 436,648	$ 260,783
Market value of current and non-current cash and investments	$ 459,831	$ 283,348
Current, comprising cash and cash equivalents	$ 45,687	$ 20,485
Non-current, comprising cash and cash equivalents and investments	390,961	240,298
	$ 436,648	$ 260,783

(a) Income and financial returns on cash and investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 0% to 80% for fixed income instruments and 0% to 50% for equities. Non-Canadian equities are further limited to a range between 0% to 10% of the total portfolio. Risk is reduced through asset class diversification and quality constraints on fixed-income and equity instruments.

(b) T-bills, commercial paper and discount notes mature between twenty one to ninety days and bear interest at an average effective yield of 2.53% per annum. Such financial instruments are limited to a rating of R-1 or A-1, or higher.

Note 3 Cash and Investments (continued)

(c) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix. Fixed-income securities are invested in bonds with a rating of A low or higher.

Fixed income securities, such as bonds, have an effective yield of 5.27% per annum based on the market for securities maturing between one and thirty years. As at March 31, 2005, the securities have the following terms based on par:

1 – 5 years	34.48%
5 – 10 years	46.43%
Over 10 years	19.09%

(d) Equities are comprised of publicly traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

(e) Non-current cash and investments represent the following:

	2005	2004
	(thousands of dollars)	
Deferred capital contributions (Note 6)	$ 221,698	$ 60,739
Externally restricted for long-term care partnerships (Note 17)	27,250	26,784
Unrestricted cash and investments not held for current purposes	142,013	152,775
	$ 390,961	$ 240,298

Note 4 Capital Assets

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Buildings and improvements	$ 752,501	$ 343,127	$ 409,374	$ 389,497
Equipment	420,597	260,271	160,326	138,323
Work in progress	191,229	-	191,229	137,435
Leased buildings and improvements	144,381	39,450	104,931	70,384
Building service equipment	56,689	18,509	38,180	36,518
Land	29,774	-	29,774	24,594
Land improvements	10,294	4,338	5,956	6,012
	$ 1,605,465	$ 665,695	$ 939,770	$ 802,763

	Cost				
	Balance April 1, 2004	Transfers from Work in Progress	Additions	Disposal	Balance March 31 2005
			(thousands of dollars)		
Buildings and improvements	$ 703,116	$ 49,385	$ -	$ -	$ 752,501
Equipment	368,475	7,261	58,584	(13,723)	420,597
Work in progress	137,435	(101,712)	155,006	-	191,229
Leased buildings and improvements	104,867	39,514	-	-	144,381
Building service equipment	51,637	5,052	-	-	56,689
Land	24,594	-	5,180	-	29,774
Land improvements	10,294	-	-	-	10,294
	$ 1,400,418	$ -	$ 218,770	$ (13,723)	$ 1,605,465

	Accumulated Amortization			
	Balance April 1, 2004	Amortization	Disposals	Balance March 31, 2005
		(thousands of dollars)		
Buildings and improvements	$ 313,619	$ 29,508	$ -	$ 343,127
Equipment	230,152	42,695	(12,576)	260,271
Leased buildings and improvements	34,483	4,967	-	39,450
Building service equipment	15,119	3,390	-	18,509
Land improvements	4,282	56	-	4,338
	$ 597,655	$ 80,616	$ (12,576)	$ 665,695

Note 4 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Region at nominal values

Site	Provided by	Lease Period
Alberta Children's Hospital (currently in use)	Province of Alberta	Lease expires on April 1, 2012 with an option for renewal for a further ten years
Alberta Children's Hospital (under construction)	University of Calgary	Lease expires on December 21, 2101 with an option for renewal for a term to be negotiated
Foothills Medical Centre parkade (under construction)	University of Calgary	License to use expires on July 30, 2054.
Peter Lougheed Centre	Province of Alberta	Lease expires on July 28, 2008 with an option for renewal for a further ten years
Banff Health Unit	Mineral Springs Hospital	Lease expires on January 30, 2028.

(b) Leased Buildings and Improvements

Included in leased buildings and improvements are the Peter Lougheed Centre, space leased from the University of Calgary to accommodate a high volume lab facility (Note 9), and leasehold improvements.

Note 4 Capital Assets (continued)

(c) Funding

Capital assets have been funded from the following sources

	2005	2004
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 8)	$ 851,470	$ 703,641
Internally funded (investment in capital assets)	79,834	90,558
Financed by debt (Note 9):		
Capital lease	16,935	17,131
Less lease receivable	(8,469)	(8,567)
	$ 939,770	$ 802,763

(d) Writedown of Capital Assets

During the year, the Region approved plans to design and build the Sheldon M. Chumir Health Centre on the old Colonel Belcher Hospital site. As a result, the net book value of the hospital was written down to reflect the reduced useful life of the Hospital.

Note 5 Other Assets

Other assets consists of a non-interest bearing collateral mortgage against the property of a voluntary health service operator. The original mortgage agreement was valued at $4,350,000 in 2000 when the facility was substantially complete. The mortgage is being forgiven by the Region at 3 1/3% of the principal amount per annum.

	2005	2004
	(thousands of dollars)	
Current (included in accounts receivable)	$ 145	$ 145
Non-current	3,407	3,552
	$ 3,552	$ 3,697

Note 6 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with the accounting policy described in Note 2(a)(2).

	2005	2004
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness	$ 92,956	$ 17,125
Alberta Infrastructure	255,737	65,847
Donations	15,226	17,065
Other	2,740	3,063
Transferred from deferred contributions (Schedule 3)	3,502	1,200
	370,161	104,300
Amounts receivable:		
Alberta Health and Wellness	6,741	571
	376,902	104,871
Purchases transferred to unamortized external capital contributions (Note 8)	(210,763)	(144,624)
Purchase of land transferred to investment in capital assets	(5,180)	-
Disposals transferred from unamortized external capital contributions (Note 8)	-	3,713
Change during the year	160,959	(36,040)
Balance, beginning of year	60,739	96,779
Balance, end of year	$ 221,698	$ 60,739
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	$ 71,990	$ 950
Construction projects	149,708	59,789
	$ 221,698	$ 60,739

Note 7 Long-term Employee Benefit Liabilities

	Expense		Reported Liability	
	2005	2004	2005	2004
	(thousands of dollars)			
Local Authorities Pension Plan [a]	$ 41,653	$ 32,264	$ -	$ -
Defined contribution pension plan	4,691	4,218	-	-
Self-insured disability plan [b]	4,250	3,073	4,922	5,517
Pre-regionalization disability plans [c]	183	309	2,338	2,521
Supplemental Executive Retirement Plan [d]	1,146	777	3,423	2,362
	$ 51,923	$ 40,641	$ 10,683	$ 10,400

(a) At December 31, 2004, the Local Authorities Pension Plan reported a deficit of $1,288,924,000 (2003 – deficit of $1,453,487,000 (restated))

(b) The Region self-insures the first two years of its disability plan. The liability represents the non-current portion of reserves for incurred but not reported claims, future claims fluctuations, and disabled lives. The incurred but not reported claims reserve is estimated based on 55% of annual premiums and the future claims fluctuation reserve is based on 75% of annual premiums. The disabled life reserve is based on undiscounted future payments.

(c) The Region also continues a long term disability plan for employees from two sites pre-regionalization in 1995. The plan is closed to new claims and the liability represents the actuarial valuation of expected remaining payments. The annual actuarial valuation was as at January 31, 2005 and used a discount rate of 4.75%.

(d) The Supplemental Executive Retirement Plan (SERP) is fully secured by a Letter of Credit. At March 31, 2005, the required full amount of the letter of credit was $8,152,000 (2004 - $5,971,000). The following information is based on an annual actuarial valuation performed as of April 1, 2005.

Supplemental Executive Retirement Plan information:

	2005	2004
	(thousands of dollars)	
Current service cost	$ 561	$ 400
Interest cost	319	231
Prior service cost amortization	122	122
Actuarial loss amortization	144	24
Pension expense	$ 1,146	$ 777
Accrued benefit obligation, beginning of year	$ 4,674	$ 2,851
Service cost	561	400
Interest cost	319	231
Plan amendments	208	-
Actuarial loss	298	514
Benefits paid	(85)	(39)
Impact of changing discount rate	299	717
Accrued benefit obligation, end of year	$ 6,274	4,674

Note 7 Long-term Employee Benefit Liabilities (continued)

Accrued benefit obligation	$ 6,274	$ 4,674
Unrecognized actuarial loss	(1,909)	(1,456)
Unrecognized prior service costs	(942)	(856)
Reported liability	$ 3,423	$ 2,362
Assumptions at end of year		
Discount rate	5.8%	6.10%
Expected average remaining service life of employees	9	10
Salary scale	4%	4%

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a)(2). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2005	2004
	(thousands of dollars)	
Balance, beginning of year	$ 703,641	$ 613,391
Purchases transferred from deferred capital contributions (Note 6)	210,763	144,624
Disposals transferred to deferred capital contributions (Note 6)	-	(3,713)
Boundary realignment	-	(238)
Less amounts recognized as revenue:		
Amortization of external capital contributions		
Equipment	(28,984)	(26,026)
Facilities and improvements	(33,002)	(23,518)
	(61,986)	(49,544)
Amortization of external capital contributions		
Ancillary operations (Note 15)	(948)	(879)
	(62,934)	(50,423)
Balance, end of year	$ 851,470	$ 703,641

Note 9 Lease Receivable and Obligations under Capital Leases

In 2003, the Region entered into a capital lease with the University of Calgary to accommodate a new high volume lab facility. During the prior year, the Region entered into a direct financing lease with Calgary Lab Services ("CLS") to transfer to CLS the space leased from the University of Calgary. The terms of the two leases are identical with a 25 year term and an implicit interest rate of 6.5% compounded annually. Future payments are disclosed in Note 10 (a).

The Region has a 49.99% interest in CLS. These statements include the original lease obligation to the University of Calgary, a leased capital asset for 49.99% (Note 4(b)), and a lease receivable from CLS for 50.01%.

	2005	2004
	(thousands of dollars)	
Lease receivable		
Current portion (included in accounts receivable)	$ 109	$ 102
Non-current portion	8,360	8,465
	$ 8,469	$ 8,567
Obligation under capital lease		
Current portion	$ 218	$ 204
Non-current portion	16,717	16,927
	$ 16,935	$ 17,131

Note 10 Commitments

(a) Leases

The Region is contractually committed to future operating and capital lease payments until 2028 as follows:

Year ended March 31	Operating	Capital	Total
		(thousands of dollars) (Note 9)	
2006	$ 10,668	$ 1,318	$ 11,986
2007	8,583	1,318	9,901
2008	7,545	1,318	8,863
2009	6,841	1,356	8,197
2010	5,801	1,384	7,185
Thereafter	13,224	27,634	40,858
	$ 52,662	34,328	$ 86,990
Amount representing interest		(17,393)	
		$ 16,935	

Note 10 Commitments (continued)

(b) Capital Assets

The Region has the following outstanding contractual commitments for capital assets:

	2005	2004
	(thousands of dollars)	
Construction	$ 116,565	$ 194,002
Equipment	13,506	16,071
Information systems	5,929	9,919
	$ 136,000	$ 219,992

During the year, the Region entered into an agreement with a consortium to design and build a parkade at the Foothills Medical Centre, to finance the construction, and to operate and maintain the parkade. At March 31, 2005 the construction was approximately 75% complete. No amount has been included in capital assets or liabilities at March 31, 2005. The Region intends to refinance this obligation with proceeds from borrowing received subsequent to year end (Note 26). Under the terms of the agreement, permanent financing is to replace the interim financing on substantial completion.

At substantial completion, which is expected to be mid July 2005, the Region will record a capital asset and a long term debt obligation in the amount of $24 million.

(c) Health Service Operators

The Region contracts on an ongoing basis with voluntary, private and community health service operators to provide health services in the Region (Schedule 4). The Region has contracted for services in the year ending March 31, 2006 similar to those provided by these operators in 2005.

(d) Legal

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 11 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 1,761,193	$ (3,217)	$ 1,757,976
Other government contributions	22,439	(129)	22,310
Fees and charges	133,879	-	133,879
Ancillary operations, net	11,141	(1,011)	10,130
Donations	8,265	(462)	7,803
Investment and other income	66,303	164	66,467
Amortization of external capital contributions	57,083	-	57,083
TOTAL REVENUE	2,060,303	(4,655)	2,055,648
Expenses			
Facility-based inpatient acute nursing services	655,512	(30,844)	624,668
Facility-based emergency and outpatient services	264,106	9,246	273,352
Facility-based continuing care services	178,891	(9,591)	169,300
Ambulance services	-	6,513	6,513
Community and home based services	163,596	(163,596)	
Community-based services	-	84,620	84,620
Home care	-	88,471	88,471
Diagnostic and therapeutic services	386,212	19,455	405,667
Promotion, prevention and protection services	49,931	(956)	48,975
Research and education	26,496	732	27,228
Administration	58,256	931	59,187
Information technology	47,103	(6,797)	40,306
Support services	263,506	(2,839)	260,667
Amortization of facilities and improvements	25,380	-	25,380
TOTAL EXPENSES	2,118,989	(4,655)	2,114,334
Deficiency of revenue over expenses	$ (58,686)	$ -	$ (58,686)

(1) The budget was approved by the Board of the Region on September 28, 2004 and approved by the Minister of Alberta Health and Wellness on November 15, 2004.

(2) Adjustments relate to classification changes to ensure budgeted revenue and expenses conform with actual reporting classifications.

Note 12 Alberta Health and Wellness Contributions

	2005	2004
	(thousands of dollars)	
Unrestricted contributions	$ 1,686,926	$ 1,497,937
Transferred from deferred contributions (Schedule 3)	90,181	71,510
Contributions made directly by Alberta Health and Wellness to contracted operators (Schedule 4)	1,166	1,174
	$ 1,778,273	$ 1,570,621

Note 13 Other Government Contributions

	2005	2004
	(thousands of dollars)	
Unrestricted contributions	$ 1,074	$ 1,927
Transferred from deferred contributions (Schedule 3)	13,972	13,549
Full cost adjustments:		
Fair value for use of non-owned acute care facilities (Schedule 4)	401	401
Fair value for use of non-owned non-acute care facilities	3,570	3,256
	$ 19,017	$ 19,133

Note 14 Fees and Charges

	2005			2004		
	Inpatient/Resident	Outpatient	Total	Inpatient/Resident	Outpatient	Total
	(thousands of dollars)					
Acute care						
Out-of-province	$ 33,408	$ 4,962	$ 38,370	$ 32,137	$ 3,738	$ 35,875
Out-of-country	6,134	722	6,856	4,464	542	5,006
Workers Compensation Board	4,673	3,538	8,211	5,223	3,012	8,235
Federal government	2	59	61	20	44	64
Other Alberta government	249	16	265	157	18	175
Uninsured medical services	476	231	707	521	173	694
Preferred accommodation	2,027	-	2,027	1,837	-	1,837
Continuing care accommodation	577	-	577	843	-	843
Continuing care						
Continuing care standard ward	2,067	-	2,067	2,182	-	2,182
Continuing care semi-private	10,117	-	10,117	10,291	-	10,291
Continuing care private	6,741	-	6,741	6,231	-	6,231
Workers Compensation Board	-	-	-	11	-	11
Federal government	1,787	-	1,787	1,475	-	1,475
Home care	-	185	185	-	404	404
Public health	-	1,060	1,060	-	1,135	1,135
Other	3,019	314	3,333	3,048	123	3,171
Fees and charges - contracted operators (Schedule 4)	53,912	-	53,912	46,360	-	46,360
	$ 125,189	$ 11,087	$ 136,276	$ 114,800	$ 9,189	$ 123,989

Note 15 Ancillary Operations

	2005					2004
	Non-Patient Food Services	Parking Operations	Rental Operations	Sales of Goods and Services	Total	Total
	(thousands of dollars)					
Revenue						
Revenue	$ 9,179	$ 16,938	$ 1,906	$ 6,391	$ 34,414	$ 30,165
Amortization of external capital contributions	19	929	-	-	948	879
	9,198	17,867	1,906	6,391	35,362	31,044
Expenses						
Direct expenses	8,717	3,061	546	5,780	18,104	16,533
Amortization	28	1,060	-	-	1,088	973
	8,745	4,121	546	5,780	19,192	17,506
Excess of revenue over expenses	$ 453	$ 13,746	$ 1,360	$ 611	16,170	13,538
Less						
Administrative support to Calgary Health Trust (Note 20 (c)(i))					3,758	3,449
Net ancillary revenue					$ 12,412	$ 10,089

Note 16 Investment and Other Income

	2005	2004
	(thousands of dollars)	
Recoveries:		
Services	$ 26,131	$ 25,126
Drugs	12,412	11,946
Compensation	4,647	5,682
Materials	2,535	2,351
Other	4,981	2,053
	50,706	47,158
Investment income	14,709	12,482
Exchange loss	(566)	(1,188)
Interest earned on direct financing lease	561	327
Other income – contracted operators (Schedule 4)	824	720
Grants	1,034	700
Other income	7,049	4,995
	$ 74,317	$ 65,194

Investment income comprises interest, dividends, amortization of discounts and premiums, net gains on disposals, and writedowns.

Note 17 Long-term Care Partnership

Facility-based continuing care services include expenses associated with long-term care partnership projects of $2,251,000 (2004 - $1,818,000).

The Government has supported long-term care partnership projects by providing one-time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 28 years. These payments have a net present value of $28,926,000 at March 31, 2005 (2004 - $26,658,000) discounted at 4.33% (2004 – 5.03%). The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2005	2004
	(thousands of dollars)	
Included in deferred contributions:		
Current portion	$ 2,266	$ 2,251
Non-current portion	27,250	26,784
	$ 29,516	$ 29,035

The investments have a market value at March 31, 2005 of $33,777,000 (2004 - $32,500,000).

Note 18 Administration

	2005	2004
	(thousands of dollars)	
General administration	$ 26,356	$ 25,122
Human resources	14,958	14,229
Finance	8,875	9,312
Amortization	1,045	1,195
	51,234	49,858
Administration – contracted operators (Schedule 4)	5,575	4,975
	$ 56,809	$ 54,833

Note 19 Support Services

	2005	2004
	(thousands of dollars)	
Building maintenance, operations and Security	$ 73,106	$ 69,969
Supply management	35,671	32,937
Housekeeping	29,305	27,714
Patient food services	25,299	25,280
Patient health records	17,192	16,362
Patient registration	16,911	15,486
Communications	6,911	6,354
Educational and library services	4,355	4,071
Biomedical engineering	3,541	3,255
Volunteers	1,726	1,933
Other	506	404
Support services – contracted operators (Schedule 4)	47,390	43,601
	$ 261,913	$ 247,366

Note 20 Related Parties

(a) Province of Alberta

The Region is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Region and the Province are reported in the Consolidated Statement of Operations and disclosed in Notes to the Consolidated Financial Statements and Schedule 3.

(b) Health Authorities

The Region shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between the Region and other health authorities are reported in the Consolidated Statement of Operations and disclosed in the Notes to the Consolidated Financial Statements and Schedule 3.

Note 20 Related Parties (continued)

(c) Foundations

(i) Calgary Health Trust

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and without restriction to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act. The Calgary Health Trust is not consolidated in these financial statements.

	Calgary Health Trust	
	2005	2004
	(thousands of dollars)	
Revenue - including administrative support from the Region of $3,758 (2004 - $3,449)	$ 24,720	$ 28,151
Expenses - including charitable disbursements to the Region of $17,734 (2004 - $18,036)	(22,176)	(23,058)
Excess of revenue over expenses	$ 2,544	$ 5,093
Fair value for use of office space - not included in administrative support	$ 100	$ 75
Accounts payable to the Region from Calgary Health Trust	$ (100)	$ -
Total assets	$ 43,397	$ 40,727
Total liabilities	(7,653)	(7,526)
Net assets	$ 35,744	$ 33,201
Resources held by Calgary Health Trust:		
Externally restricted	$ 35,208	$ 32,676
Unrestricted	536	525
	$ 35,744	$ 33,201

Note 20 Related Parties (continued)

(ii) Alberta Children's Hospital Foundation

The Region has an economic interest in the Alberta Children's Hospital Foundation which raises funds to benefit the Region and other health related entities. The resources held by this foundation are not necessarily limited for use by the Region. The Alberta Children's Hospital Foundation is a registered charity under the Income Tax Act.

	Alberta Children's Hospital Foundation	
	2005	2004
	(thousands of dollars)	
Charitable disbursements to the Region	$ 2,310	$ 2,495
Resources held by the Alberta Children's Hospital Foundation		
Externally restricted [1]	$ 42,924	$ 34,039
Internally restricted [2]	37,619	33,851
	$ 80,543	$ 67,890
Fair value for use of office space	$ 15	$ 13
Accounts payable to the Region	$ (1,017)	$ (992)

[1] Externally restricted amounts are for equipment, programs, research and education.

[2] In order to build an endowment to meet the future funding needs of the Alberta Children's Hospital, the Foundation's Board of Directors internally restricts funds donated through bequests as well as any excess revenue over expense in the operating fund, not otherwise internally restricted, for managing short term market fluctuations.

Note 20 Related Parties (continued)

(iii) Rural Foundations

The Region has economic interests in several rural foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. The foundations are registered charities under the Income Tax Act. The foundations are:

Canmore and Area Health Care Foundation
Claresholm and District Health Foundation
High River District Health Care Foundation
Oilfields/Okotoks Health Foundation
Rosebud Health Foundation
Strathmore District Health Foundation

(d) Other Fundraising Groups

Various volunteer and auxiliary associations solicit donations, operate gift shops and undertake fund raising activities to provide operating and capital donations to further the objectives of the Region.

(e) Wholly Owned Subsidiaries

(i) Carewest was incorporated under the Companies Act (Alberta). Carewest is exempt from payment of income tax and is a registered charity under the Income Tax Act. The Region contracts with Carewest to provide health services in the Region and the Region provides administrative services for Carewest in exchange for a management fee. All transactions and amounts owing between the Region and Carewest have been eliminated on consolidation.

(ii) 703590 Alberta Inc. ("703590") was incorporated under the Companies Act (Alberta) and is exempt from payment of income tax. 703590 proportionately consolidates its 49.99% interest in Calgary Lab Services ("CLS"). The Region contracts with CLS to provide health services in the Region (Schedule 4). The Region also leases space to CLS (Note 9). These contracts are recorded at the exchange amount. During the year, 703590 received $6,999,000 (2004 - $1,950,000) in partner distributions from CLS. At the end of the year, the net amount receivable by the Region from CLS was $587,000 (2004 - $2,907,000).

Note 20 Related Parties (continued)

(iii) The Region also has the following wholly owned subsidiaries incorporated under the Companies Act (Alberta) and exempt from payment of income tax. 1063616 Alberta Ltd. ("1063616"), 1099254 Alberta Ltd. ("1099254") and 1115399 Alberta Inc. ("1115399"). 1063616 uses the cost method to account for its less than 0.001% interest in Telus Sourcing Solutions Limited Partnership. 1099254 uses the cost method to account for its 30% interest in HUTV Limited Partnership. 1115399 operates as Chemical Exposure Support Services. The transactions between the Region and these subsidiaries have been eliminated on consolidation.

(f) Contracted Health Service Operators

The Region contracts with voluntary and private health service operators to provide health services in the Region. The Region has an economic interest where significant resources are transferred to these operators. The health service operators and the amounts reported in the Consolidated Statement of Operations are disclosed in Schedule 4.

(g) University of Calgary

The University of Calgary (the "University") is considered a related party as the Alberta Government appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University recorded at their exchange amount are as follows:

	2005	2004
	(thousands of dollars)	
Amount included in expenses (i)	$ 22,000	$ 20,000
Amount included in revenue (ii)	$ 10,000	$ 10,000
Net payable by the Region to the University	$ 3,400	$ 2,600

(i) The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.

(ii) The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases land from the University for the new Alberta Children's Hospital. The University has also provided a license to use land for a parkade at the Foothills Medical Centre (Note 4(a)).

The Region leases space from the University for a high volume lab facility (Notes 4(b) and 9).

Note 21 Contracts under the Health Care Protection Act

The Region has contracts with the following surgical facilities pursuant to the *Health Care Protection Act*.

Nature of Service & Entity	Term of Contract	Annual Value	Total Expense 2005	Total Expense 2004
			(thousands of dollars)	
Ophthalmology	Oct 1/03 - Mar 31/08			
Gimbel Eye Centre (1)		$ 881	$ 955	$ 693
Holy Cross Surgical Services		2,518	1,619	1,038
Michael Edward Ashenhurst, Prof. Corp.		68	58	11
Mitchell Eye Centre (1)		392	426	290
Rocky Mountain Surgical Services		1,037	696	670
Surgical Centres Inc.		2,160	1,537	1,366
Orthopedic Surgical Services				
Health Resource Centre - Calgary	Oct 18/04 – Oct 17/06	5,100	2,090	-
Oral Surgery	Oct 1/03 – Mar 31/07	123		
Brian Abrams, Prof. Corp.			-	2
Brian Whitestone, Prof. Corp.			-	9
Donald E. Wakeham, Prof. Corp.			2	-
Douglas J. Vincelli, Prof. Corp.			32	28
Francis Stolisky, Prof. Corp.			-	4
Heidi-Wyn Lloyd Williams, Prof. Corp.			6	2
John W. Conley, Prof. Corp.			5	2
Terence A. Summers			19	9
Loren Kroetsch, Prof. Corp.			4	-
ENT/Hernia/Pediatric Myringotomy and Tube				
Holy Cross Surgical Services	Oct 1/02 – Sep 30/05	344	221	99
Plastic Surgery				
Elizabeth Joy Hall-Findlay, Prof. Corp.	Oct 1/03 – Mar 31/05	72	49	72
Pregnancy Terminations				
Kensington Clinic	Oct 1/03 - Mar 31/07	967	967	997
		$ 13,684	$ 8,706	$ 5,998

Payments to these surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

(1) The actual expenditure amounts have not exceeded the approved annual value of the contract amounts. The difference relates to the timing of contract dates.

Note 22 Trust Funds

The Region receives funds from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year the Region received funds of $4,519,000 (2004 - $nil) and disbursed $4,288,000 (2004 - $3,555,000) for capital and facility repairs for non-owned facilities.

The Region receives other funds in trust for research and development, education and other programs. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reported in the consolidated financial statements.

	2005	2004
	(thousands of dollars)	
Balance of funds held by the Region:		
Alberta Infrastructure	$ 438	$ 207
Research, development, education and other programs	5,235	4,823
Continuing care residents	404	457
	$ 6,077	$ 5,487

Note 23 Changes in Non-cash Working Capital

	2005	2004
	(thousands of dollars)	
Accounts receivable	$ 2,977	$ (8,650)
Contributions receivable from Alberta Health and Wellness	(30,148)	5,979
Donations receivable	-	12,454
Inventories	(2,086)	902
Prepaid expenses	(2,714)	1,024
Accounts payable and accrued liabilities	(992)	26,557
Accrued vacation pay	6,230	3,891
Current portion of deferred contributions	24,546	5,258
	$ (2,187)	$ 47,415
Classified on Statement of Cash Flows as:		
Operating activities	$ (5,865)	$ 46,036
Investing activities	9,902	1,896
Financing activities	(6,224)	(517)
	$ (2,187)	$ 47,415

Note 24 Line of Credit

The Region has an operating line of credit of $13 million. At year end, the utilized amount was $nil (2004 - $nil).

Note 25 Accumulated Deficit

Alberta Health and Wellness contributions include an unrestricted contribution of $24,002,000 intended to eliminate the Region's accumulated deficit at March 31, 2004. Current year operations resulted in an accumulated deficit of $7,658,000 at March 31, 2005. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, the Region will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the accumulated deficit within 3 years of it being incurred.

Note 26 Subsequent Events

Subsequent to year end, the Board of the Region approved an increase to its borrowing limit from 5% to 15% of the borrowing limit base pending approval by the Minister. The borrowing limit base is the sum of unrestricted Alberta Health and Wellness contributions and fees and charges. The Board also approved borrowing of $55 million to finance construction of parkades at the Foothills Medical Centre (Note 10(b)) and at the new Alberta Children's Hospital. The borrowing will be secured against parkade revenues, repaid over twenty years and at market interest rates at the time the borrowing is advanced.

Note 27 Comparative Figures

Certain 2004 figures have been reclassified to conform to 2005 presentation.

Note 28 Approval of Financial Statements

These consolidated financial statements have been approved by the Board of the Region.

Schedule 1

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Salaries and benefits (Schedule 2)	$ 1,068,612	$ 1,053,373	$ 990,977
Contracts with health service operators (Schedule 4)	404,391	395,023	357,745
Contracts under the Health Care Protection Act (Note 21)	11,831	8,706	5,998
Drugs and gases	80,027	80,053	70,643
Medical and surgical supplies	89,793	90,185	84,447
Other contracted services [1]	192,690	200,595	159,132
Other [2]	208,681	196,069	178,809
	2,056,025	2,024,004	1,847,751
Amortization			
Capital equipment – internally funded	16,135	14,058	14,986
Capital equipment – externally funded	34,245	29,932	26,905
Facilities and improvements – internally funded	3,410	4,771	3,393
Facilities and improvements – externally funded	23,575	26,304	23,518
Writedown of capital assets (Note 4(d))	-	6,698	-
	77,365	81,763	68,802
	2,133,390	2,105,767	1,916,553
Less amounts reported in ancillary operations (Note 15)	(15,174)	(19,192)	(17,506)
Less administrative support to Calgary Health Trust (Note 20 (c)(i))	(3,882)	(3,758)	(3,449)
	$ 2,114,334	$ 2,082,817	$ 1,895,598

[1] Other contracted services include

	2005	2004
Medical purchased services	$ 135,269	$ 105,581
Other purchased services	58,995	47,119
Legal fees	1,749	1,795
Other professional fees	4,582	4,637
	$ 200,595	$ 159,132

Schedule 1 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

[2] Other includes the following significant items

	2005	2004
Utilities	$ 26,568	$ 28,075
Referred out services	22,313	20,459
Rented space	16,244	13,692
Equipment maintenance	15,562	13,891
Clinical lab and therapeutic supplies	15,372	14,854
Department and office supplies	15,275	15,475
Food supplies	13,974	13,212
Minor equipment	13,775	9,253
Communication and education expenses	12,704	10,208
Repairs and maintenance	8,325	6,849
Recruitment and travel	7,701	6,833
Housekeeping and laundry supplies	7,197	6,802
Plant maintenance and equipment supplies	4,643	4,169
Insurance	4,270	3,639
Interest incurred on capital lease	1,121	654
Other expenses	11,025	10,744
	$ 196,069	$ 178,809

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005							2004			
					Severance [4]						
	Number of FTE's [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Subtotal	Number	Amount	Total	Number of FTE's [1]	Salaries, Honoraria, Benefits, Allowances [2] [3]	Severance	Total
Board Compensation											
Chairperson											
David Tuer	1.00	$ 26	$ 3	$ 29	-	$ -	$ 29	1.00	$ 20	$ -	$ 20
Board Members											
Susan Barry (to December 5, 2004)	0.71	5	-	5	-	-	5	1.00	4	-	4
Diane Caleffi	1.00	7	1	8	-	-	8	1.00	11	-	11
Sandy Dougall	1.00	7	-	7	-	-	7	1.00	9	-	9
Loreen Gilmour	1.00	10	3	13	-	-	13	1.00	12	-	12
Eileen Grant	1.00	12	3	15	-	-	15	1.00	16	-	16
Myron Kanik	1.00	4	2	6	-	-	6	0.08	-	-	-
Shelley Mabbott	1.00	1	2	3	-	-	3	1.00	7	-	7
Lynn Martin	1.00	12	3	15	-	-	15	1.00	15	-	15
Mairi Matheson	1.00	10	1	11	-	-	11	1.00	8	-	8
N.D. (Skip) Mcdonald	1.00	2	-	2	-	-	2	1.00	3	-	3
Gordon McPherson	1.00	8	3	11	-	-	11	1.00	11	-	11
George Pinchbeck	1.00	11	3	14	-	-	14	1.00	12	-	12
Marjorie Ricketts	1.00	8	3	11	-	-	11	1.00	9	-	9
Courtney Rousseau	1.00	19	2	21	-	-	21	1.00	21	-	21
	14.71	$ 142	$ 29	$ 171	-	$ -	$ 171	14.08	$ 158	$ -	$ 158

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005							2004			
					Severance [4]						
	Number of FTE's [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Subtotal	Number	Amount	Total	Number of FTEs [1]	Salaries, Honoraria, Benefits, Allowances [2] [3]	Severance [4]	Total
Staff Compensation											
President and Chief Executive Officer [4] (see A on following page)	1.00	$ 527	$ 9	$ 536	-	$ -	$ 536	1.00	$ 534	$ -	$ 534
Management reporting to the CEO											
Executive Vice President and Chief Clinical Officer [5][7]	0.46	143	2	145	-	-	145	-	-	-	-
Executive Vice President and Chief Operating Officer [5]	0.56	140	7	147	-	-	147	1.00	345	-	345
Executive Vice President, Risk Management and CFO [5]	1.00	315	9	324	-	-	324	1.00	318	-	318
Senior Vice President, Planning and Capital Development [5]	0.88	218	28	246	-	-	246	0.90	258	-	258
Senior Vice President and Chief Medical Officer [8]	0.54	212	9	221	-	-	221	1.00	429	-	429
Senior Vice President, People and Learning [5][6]	1.00	202	16	218	-	-	218	0.42	110	-	110
Senior Vice President, Communications and Community Relations	0.90	248	15	263	-	-	263	0.42	82	-	82
Senior Vice President, Wellness	1.00	224	15	239	-	-	239	0.42	105	-	105
Senior Vice President and Advisor Patient Advocacy [8]	0.46	180	8	188	-	-	188	-	-	-	-
Vice President, Professional Practice and Research and Chief Nursing Officer [7]	0.54	114	4	118	-	-	118	1.00	207	-	207
Chief Information Officer and Associate CMO [7]	0.54	167	3	170	-	-	170	0.42	103	-	103
Senior Advisor to CEO and Leader Internal Audit	0.50	110	3	113	-	-	113	0.50	117	-	117
Executive Director, Office of the CEO and Government Relations	1.00	175	16	191	-	-	191	1.00	133	-	133
Other management reporting to above (avg. 2005 $189 - 2004 $160)	21.33	3,614	414	4,028	-	-	4,028	23.77	3,800	925	4,725
Other management (avg. 2005 $105 - 2004 $99)	486.72	44,363	6,808	51,171	8	110	51,281	512.24	50,748	1,766	52,514
Medical doctors not included above (avg. 2005 $148 - 2004 $114)	5.07	686	65	751	-	-	751	8.85	1,007	-	1,007
Regulated nurses not included above RN's RPNs, grad nurses, (avg. 2005 $84 - 2004 $75)	5,602.04	406,449	66,533	472,982	-	-	472,982	5,545.45	417,118	95	417,213
LPN's (avg. 2005 $50 - 2004 $47)	513.13	21,767	3,841	25,608	-	-	25,608	498.70	23,601	-	23,601
Other health technical and professional (avg. 2005 $78 - 2004 $75)	2,564.79	173,395	27,796	201,191	5	73	201,264	2,469.88	184,495	126	184,621
Unregulated health service providers (avg. 2005 $40 - 2004 $38)	1,454.06	48,619	8,991	57,610	1	15	57,625	1,453.23	54,998	5	55,003
Other staff (avg. 2005 $46 - 2004 $48)	5,105.15	192,892	41,519	234,411	39	987	235,398	5,155.03	248,178	439	248,617
Retirement arrangements [10]	-	-	1,146	1,146	-	-	1,146	-	777	-	777
Total staff compensation	15,762.67	894,760	157,257	1,052,017	53	1,185	1,053,202	15,676.23	987,463	3,356	990,819
Total	15,777.38	$ 894,902	$ 157,286	$ 1,052,188	53	$ 1,185	$1,053,373	15,690.31	$ 987,621	$ 3,356	$ 990,977

Schedule 2 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2005

A. The Governance and Audit Committee approves the compensation paid to the President and Chief Executive Officer. The compensation paid to the President and CEO and those reporting to him includes base salary and an incentive payment based on achieving annual goals. These components are intended to achieve the following objectives:

- to attract and retain highly qualified management
- to focus performance by linking incentive compensation to the achievement of strategic objectives
- to encourage retention of key leaders for the succession of our management

1. Full time equivalents (FTE's) for staff are based on the number of hours worked in a standard work year, which is 2,022.75 hours for most occupation groups. FTE's for board members are based on twelve months of service. This schedule includes employees of the Region but excludes independent contractors. Total actual discrete number of individuals employed during the year: 23,601.

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, employment insurance, Local Authorities Pension Plan, workers compensation, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits. Severance is excluded from the calculation of average salaries.

5. These individuals are provided with an automobile allowance. No dollar amount is included under benefits and allowances.

6. These positions were held by two incumbents during the year.

7. These positions were held by the same incumbent during the year.

8. These positions were held by the same incumbent during the year.

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2005

9. Due to organizational restructuring effective September 7, 2004, part of this position is included in other management reporting to those above.

10. Retirement arrangements

Under the terms of the Supplemental Executive Retirement Plan (SERP), executive officers may receive supplemental retirement payments.

Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Prior service and other costs includes amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

	2005			2004
	Current Service Cost	Prior Service and Other Costs	Total	Total
President and Chief Executive Officer	$ 72	$ 182	$ 254	$ 187
Executive Vice President and Chief Clinical Officer (7)	19	10	29	-
Executive Vice President and Chief Operating Officer	39	31	70	50
Executive Vice President, Risk Management and CFO	35	32	67	25
Senior Vice President, Planning and Capital Development	28	3	31	29
Senior Vice President and Chief Medical Officer (8)	27	6	33	48
Senior Vice President, People and Learning	15	7	22	7
Senior Vice President, Communications and Community Relations	-	-	-	4
Senior Vice President, Wellness	24	31	55	16
Senior Vice President and Advisor Patient Advocacy (8)	23	5	28	-
Vice President, Professional Practice and Research and Chief Nursing Officer (9)	10	7	17	18
Chief Information Officer and Associate CMO (7)	23	11	34	20
Executive Director, Office of the CEO and Government Relations	5	-	5	6
Other management	241	260	501	367
	$ 561	$ 585	$ 1,146	$ 777

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

		Amounts received or receivable				Amounts recognized as revenue					
	Balance March 31, 2004	Alberta Health and Wellness	Other Government Contributions	Donations	Investments and Other Income	Alberta Health and Wellness (Note 12)	Other Government Contributions (Note 13)	Donations	Investments and Other Income	Transferred to Deferred Capital Contributions (Note 6)	Balance March 31, 2005
Alberta Health and Wellness programs											
Health Link	$ 59	$ 1,740	$ -	$ -	$ -	$ (1,740)	$ -	$ -	$ -	$ -	$ 59
Medical education allowance	-	22,826	-	-	18	(22,826)	-	-	(18)	-	-
Paediatric AFP	-	7,849	-	-	-	(5,469)	-	-	-	-	2,380
Provincial Labs	568	9,333	6	-	1,018	(9,429)	(6)	-	(1,018)	(222)	250
Rural on call	30	1,282	-	-	-	(1,312)	-	-	-	-	-
Specialist on call	1,615	21,083	-	-	-	(16,075)	-	-	-	-	6,623
Three Cheers	3,750	(459)	1	25	151	(2,233)	(1)	(24)	(151)	-	1,059
Ambulance Transition	-	1,500	-	-	-	(434)	-	-	-	-	1,066
Epoetin Pilot SARP	-	4,611	-	-	-	(3,235)	-	-	-	-	1,376
Immunization Program	-	2,466	-	-	-	(2,466)	-	-	-	-	-
Dept. of Medicine ARP	-	21,008	-	-	85	(18,710)	-	-	(85)	-	2,298
Arthoplasty Pilot Project	-	8,000	-	-	-	-	-	-	-	-	8,000
Other	7,196	12,271	19	66	1,123	(6,268)	(19)	(140)	(705)	(944)	12,599
Alberta Infrastructure maintenance	2,406	-	3,457	-	-	-	(2,744)	-	-	-	3,119
Mental health programs	512		7,118	-	147	-	(7,000)	-	(113)	-	664
Calgary Health Trust [1]	7,198	-	-	3,288	551	-	-	1,233	(543)	(2,331)	9,396
Child health programs	814	-	2	1,306	383	-	(2)	(1,419)	(404)	(5)	675
Collateral Mortgage (Note 5)	3,697	-	-	-	-	-	-	-	(145)	-	3,552
Long-term care partnership (Note 17)	29,035	-	-	-	2,762	-	(278)	-	(2,003)	-	29,516
Other provincial government programs	501	-	3,267	-	404	-	(3,174)	-	(337)	-	661
Other restricted funded programs	2,903	11	1,201	46	788	16	(748)	(82)	(2,277)	-	1,858
	$ 60,284	$ 113,521	$ 15,071	$ 4,731	$ 7,430	$ (90,181)	$ (13,972)	$ (432)	$ (7,799)	$ (3,502)	$85,151

Deferred contributions represent amounts accounted for in accordance with the accounting policy described in Note 2 (a) (2)

[1] The amount of donations recognized as revenue for Calgary Health Trust is not in brackets because of an over accrual of revenue in prior years.

Unspent amounts at year end are as follows

	2005	2004
Current	$ 54,494	$ 29,948
Non-current	30,657	30,336
	$ 85,151	$ 60,284

Schedule 4

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF CONTRACTS WITH HEALTH SERVICE OPERATORS

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	Direct Region Funding	Direct Alberta Health and Wellness Funding (Note 12)	Other Government Contributions (Note 13)	Approved Patient Fees and Charges and Other Income (Notes 14 and 16)	Total Revenue
Voluntary:					
Agape Manor Hospice	$ 2,337	$ -	$ -	$ -	$ 2,337
Bethany Care Centre Airdrie	2,685	-	-	1,240	3,925
Bethany Care Centre Calgary	20,003	-	-	6,517	26,520
Bethany Care Centre Cochrane	2,833	-	-	1,278	4,111
Bethany Care Centre Harvest Hills	2,963	-	-	977	3,940
Bow View Nursing Home	7,627	366	-	2,883	10,876
Father Lacombe Nursing Home	4,510	-	-	1,749	6,259
Mineral Springs Hospital	6,176	-	401	4,225	10,802
Wentworth Court	3,336	-	-	1,262	4,598
	52,470	366	401	20,131	73,368
Private:					
Beverly Centre Glenmore	8,581	399	-	3,151	12,131
Beverly Centre Midnapore	5,787	-	-	2,782	8,569
Bow-Crest Nursing Home	5,333	-	-	2,278	7,611
Extendicare Cedars Villa	8,381	-	-	3,835	12,216
Extendicare Hillcrest	3,804	238	-	1,696	5,738
Extendicare Vulcan	1,958	163	-	764	2,885
Forest Grove Care Centre	8,207	-	-	3,627	11,834
Holy Cross Chronic Care	1,642	-	-	683	2,325
Intercare Brentwood	4,406	-	-	2,341	6,747
Intercare Chinook	5,284	-	-	1,950	7,234
Intercare Southwood	7,074	-	-	2,837	9,911
McKenzie Town Continuing Care	6,308	-	-	2,458	8,766
Mount Royal Care Centre	2,814	-	-	1,415	4,229
Newport Harbour	4,633	-	-	1,829	6,462
Travois Holdings Glamorgan	1,857	-	-	815	2,672
Travois Holdings Mayfair	4,626	-	-	2,144	6,770
	80,695	800	-	34,605	116,100
Calgary Lab Services	124,246	-	-	-	124,246
Other community agencies	19,727	-	-	-	19,727
Physiotherapy providers	6,062	-	-	-	6,062
Homecare providers	54,725	-	-	-	54,725
Facility fees	795	-	-	-	795
2004 - 2005	$ 338,720	$ 1,166	$ 401	$ 54,736	$ 395,023
2003 - 2004	$ 309,090	$ 1,174	$ 401	$ 47,080	$ 357,745

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF CONTRACTS WITH HEALTH SERVICE OPERATORS

FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	Facility-based Inpatient Acute Nursing Services	Facility-based Emergency and Outpatient Services	Facility-based Continuing Care Services	Ambulance Services	Community-based Care	Home Care	Diagnostic and Therapeutic Services	Administration (Note 18)	Support Services (Note 19)	Total Expenses
Voluntary										
Agape Manor Hospice	$ -	$ -	$ 1,691	$ -	$ -	$ -	$ 148	$ 57	$ 441	$ 2,337
Bethany Care Centre Airdrie	-	-	2,535	-	-	-	283	97	1,010	3,925
Bethany Care Centre Calgary	-	-	16,240	-	12	-	2,065	652	7,551	26,520
Bethany Care Centre Cochrane	-	-	2,561	-	64	-	391	101	994	4,111
Bethany Care Centre Harvest Hills	-	-	2,468	-	79	-	291	97	1,005	3,940
Bow View Nursing Home	-	-	6,962	-	240	-	840	268	2,566	10,876
Father Lacombe Nursing Home	-	-	3,713	-	248	-	662	154	1,482	6,259
Mineral Springs Hospital	3,034	1,278	1,088	-	-	-	1,727	1,179	2,496	10,802
Wentworth Court	-	-	1,982	-	974	-	298	113	1,231	4,598
	3,034	1,278	39,240	-	1,617	-	6,705	2,718	18,776	73,368
Private										
Beverly Centre – Glenmore	-	-	7,837	-	164	-	841	298	2,991	12,131
Beverly Centre – Midnapore	-	-	5,815	-	19	-	574	211	1,950	8,569
Bow-Crest Nursing Home	-	-	5,238	-	6	-	597	187	1,583	7,611
Extendicare Cedars Villa	-	-	7,422	-	-	-	840	301	3,653	12,216
Extendicare Hillcrest	-	-	3,597	-	-	-	402	141	1,598	5,738
Extendicare Vulcan	-	-	1,707	-	-	-	237	71	870	2,885
Forest Grove Care Centre	-	-	7,652	-	213	-	949	291	2,729	11,834
Holy Cross Chronic Care	-	-	1,403	-	-	-	130	57	735	2,325
Intercare Brentwood	-	-	4,622	-	5	-	479	166	1,475	6,747
Intercare Chinook	-	-	4,878	-	1	-	541	178	1,636	7,234
Intercare Southwood	-	-	6,653	-	6	-	697	244	2,311	9,911
McKenzie Town Continuing Care	-	-	5,136	-	994	-	533	216	1,887	8,766
Mount Royal Care Centre	-	-	2,834	-	4	-	245	104	1,042	4,229
Newport Harbour	-	-	4,118	-	30	-	427	159	1,728	6,462
Travois Holdings Glamorgan	-	-	1,609	-	16	-	227	66	754	2,672
Travois Holdings Mayfair	-	-	4,515	-	9	-	407	167	1,672	6,770
	-	-	75,036	-	1,467	-	8,126	2,857	28,614	116,100
Calgary Lab Services	-	409	-	-	-	-	123,837	-	-	124,246
Other community agencies	-	808	268	815	17,818	-	18	-	-	19,727
Physiotherapy providers	-	1,050	-	-	-	-	5,012	-	-	6,062
Homecare providers	-	-	493	-	8,553	45,679	-	-	-	54,725
Facility fees	-	795	-	-	-	-	-	-	-	795
2004 – 2005	$ 3,034	$ 4,340	$ 115,037	$ 815	$ 29,455	$ 45,679	$ 143,698	$ 5,575	$ 47,390	$ 395,023
2003 - 2004	$ 3,199	$ 2,454	$ 100,284	$ -	$ 21,091	$ 46,362	$ 135,779	$ 4,975	$ 43,601	$ 357,745

Total revenue has been allocated to expense categories in proportion to the actual costs reported by the operator to the Region. Surpluses (deficits) incurred by the operators are not reported by the Region. Operator surpluses (deficits) result in the Region reporting expenses greater than (less than) the costs incurred by the operator.

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005
And
AUDITORS' REPORT

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2005

Auditors' Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

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Statement of Cash Flows

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Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

CUTHBERTSON SANDALL
chartered accountants

AUDITORS' REPORT

To the Members of the David Thompson Regional Health Authority and the Minister of Health

We have audited the financial positionof the David Thompson Regional Health Authority ("the Authority") as at March 31, 2005 and the statements of operations and changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Cuthbertson Sandall
Chartered Accountants

Red Deer, Alberta
June 22, 2005

D|H|R
DAVID THOMPSON
HEALTH REGION

Corporate Administration
DTHR Corporate Office
#602, 4920 - 51 St.
Red Deer AB T4N 6K8
Phone: 403 341 8622 Fax: 403 341 8632

Alberta Centennial

David Thompson Regional Health Authority
Management's Responsibility for Financial Reporting
Financial Statements
March 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Cuthbertson Sandall, Chartered Accountants, to review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Committee of the Whole.

The external auditor, Cuthbertson Sandall, Chartered Accountants, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

J. Vogelzang
John Vogelzang
President & CEO

Bryan Judd
Vice President & Chief Operating Officer
Corporate Services

"healthy people living in healthy communities" www.dthr.ab.ca

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2005
(thousands of dollars)

	2005 Actual	2004 Actual (Restated) (Note 23)
ASSETS		
Current:		
Cash and investments (Note 3)	$ 44,890	$ 59,356
Accounts receivable	6,440	7,327
Contributions receivable from Alberta Health and Wellness	6,502	1,400
Inventories	5,524	5,247
Prepaid expenses	2,768	1,413
	66,124	74,743
Non-current cash and investments (Note 3)	29,737	25,631
Capital assets (Note 4)	405,415	379,061
Loans - continuing care partnership projects (Note 5)	21,418	21,239
Other assets (Note 6)	920	413
TOTAL ASSETS	$523,614	$ 501,087
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 39,572	$ 56,782
Accrued vacation pay	19,257	18,020
Deferred contributions (Schedule 3)	19,450	13,531
Current portion of long-term debt (Note 7)	201	52
	78,480	88,385
Deferred capital contributions (Note 8)	29,737	24,949
Deferred contributions - continuing care partnership projects (Note 5)	21,914	22,578
Long-term debt (Note 7)	850	560
Unamortized external capital contributions (Note 9)	372,325	348,790
	503,306	485,262
Net assets		
Accumulated deficit (Note 10)	(11,306)	(13,409)
Investment in capital assets from internally funded sources	31,614	29,234
Operating net assets	20,308	15,825
TOTAL LIABILITIES AND NET ASSETS	$523,614	$ 501,087

Commitments and contingencies (Note 11)

The accompanying notes and schedules are an integral part of these financial statements.

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Note 12)	Actual	Actual (Restated) (Note 23)
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 439,401	$ 437,418	$ 381,657
Other government contributions (Note 14)	12,107	11,595	12,759
Fees and charges (Note 15)	30,520	30,605	26,851
Ancillary operations, net (Note 16)	200	262	420
Donations	751	751	750
Investment and other income (Note 17)	11,508	10,500	10,023
Amortized external capital contributions (Note 9)	19,391	19,391	16,078
TOTAL REVENUE	513,878	510,522	448,538
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	129,912	132,326	122,850
Facility-based emergency and outpatient services	33,608	33,493	27,743
Facility-based continuing care services	52,068	53,293	52,272
Ambulance services (Note 21)	118	118	-
Community-based care	13,686	12,924	11,938
Home care	23,020	23,162	20,096
Diagnostic and therapeutic services	83,605	84,003	76,934
Promotion, prevention and protection services	17,089	16,816	15,874
Research and education	388	359	289
Administration (Note 18)	23,157	22,921	20,776
Information technology	9,998	10,766	9,584
Support services (Note 19)	103,393	101,993	96,870
Amortization of facilities and improvements	13,865	13,865	11,389
TOTAL EXPENSES	503,907	506,039	466,615
Excess (deficiency) of revenue over expenses	$ 9,971	$ 4,483	$ (18,077)

David Thompson Regional Health Authority
Statement of Changes In Net Assets
For the Year Ended March 31, 2005
(thousands of dollars)

	2005			2004
	Accumulated surplus/(deficit) (Note 10)	Investments in capital assets from internally funded sources	Total	Total (Restated) (Note 23)
Excess (deficiency) of revenue over expenses	$ 4,483	$ -	$ 4,483	$ (18,077)
Capital assets purchased with internal funds	(6,545)	6,545	-	-
Amortization on internally funded capital assets	3,455	(3,455)	-	-
Proceeds from long-term debt	602	(602)	-	-
Repayment of long-term debt	(163)	163	-	-
Loss on disposal of internally funded capital assets	271	(271)	-	-
Net change	2,103	2,380	4,483	(18,077)
Balance at beginning of year	(13,409)	29,234	15,825	33,902
Balance at end of year	$ (11,306)	$ 31,614	$ 20,308	$ 15,825

David Thompson Regional Health Authority
Statement of Cash Flow
For the Year Ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual (Restated) (Note 23)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ 9,971	$ 4,483	$ (18,077)
Non-cash transactions:			
Amortization of capital equipment - internally funded	3,417	3,417	3,738
- externally funded	5,369	5,369	4,689
Amortization of facilities and improvements	13,329	13,329	11,389
Amortized external capital contributions (Note 9)	(19,391)	(19,391)	(16,078)
Loss on disposal of equipment	466	466	12
Loss on disposal of facilities and improvements	536	536	14
Changes in non-cash working capital accounts	2,612	(12,463)	(8,732)
Cash generated from (used by) operations	16,309	(4,254)	(23,045)
Investing activities:			
Purchase of capital assets:			
internally funded	(6,545)	(6,545)	(4,597)
externally funded - equipment (Note 9)	(6,718)	(6,718)	(4,419)
externally funded - facility and improvements (Note 9)	(36,208)	(36,208)	(40,944)
Allocations to non-current cash and investments	413	(4,106)	17,153
Cash used by investing activities	(49,058)	(53,577)	(32,807)
Financing activities:			
Capital contributions received (Note 9)	42,926	42,926	45,363
Principal payments on long-term debt	(163)	(163)	(49)
Proceeds from long-term debt	602	602	-
Cash generated from financing activities	43,365	43,365	45,314
Increase (decrease) in cash and investments	10,616	(14,466)	(10,538)
Cash and investments, beginning of year	59,356	59,356	69,894
Cash and investments, end of year	$ 69,972	$ 44,890	$ 59,356

Note 1 Authority, Purpose and Operations

The David Thompson Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Alberta Hospital Ponoka
Bentley Care Centre
Breton Health Centre
Consort Hospital and Care Centre
Coronation Hospital and Care Centre
Drayton Valley Hospital and Care Centre
Drumheller Health Centre
Hanna Health Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre
Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Red Deer Valley Park Manor Care Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Health Centre
Stettler Hospital and Care Centre
Sundre Hospital and Care Centre
Three Hills Health Centre
Wetaskiwin Hospital and Care Centre

Castor Community Health Centre
Consort Community Health Centre
Coronation Community Health Centre
Drayton Valley Community Health Centre
Drumheller Environmental Health and Support Services
Eckville Community Health Centre
Elnora Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre
Ponoka Community Health Centre
Red Deer Bremner Ave. Community Health Centre
Red Deer 49th St. Community Health Centre
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Stettler Community Health Services
Sundre Community Health Centre
Sylvan Lake Community Health Centre
Wetaskiwin Community Health Centre
Winfield Community Health Centre

Drayton Valley Mental Health Centre
Drumheller Mental Health Centre
Hanna Mental Health Centre
Lacombe Mental Health Centre
Olds Mental Health Centre
Ponoka Mental Health Centre
Rimbey Mental Health Centre
Rocky Mtn. House Mental Health Centre
Stettler Mental Health Centre
Three Hills Mental Health Centre
Wetaskiwin Mental Health Centre

Note 1 Authority, Purpose and Operations (continued)

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 20 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 24. Following are the significant accounting policies:

(a) Basis of presentation

These financial statements are prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Authority.

(b) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital assets is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee future benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Authority. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the group.

(e) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(f) Financial instruments

The carrying value of accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation payable approximates their fair value because of the short-term maturity of these items.

The carrying value of cash and investments and long-term debt approximates their fair value because the interest rates approximate market values.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

(h) Capital assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful life
Facilities and improvements	10 - 40 years
Land improvements	10 - 20 years
Vehicles and equipment	5 - 20 years

Construction projects in progress are not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital assets ownership to the Authority are reported as capital asset acquisitions financed by long-term obligations.

(i) Restructuring costs

Restructuring costs are expensed in the period the restructuring decision is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(j) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Actual results could differ from estimates.

Note 3 Cash and Investments

	2005	2004
	(thousands of dollars)	
Cash	$27,096	$45,824
Money market securities	31,411	30,546
Bonds	13,552	2,846
Marketable securities	2,568	5,771
Total cash and investments	74,627	84,987
Classified as:		
Current	44,890	59,356
Non current	29,737	25,631
Total cash and investments	$74,627	$84,987

Marketable securities are comprised of publicly traded equities. Risk is minimized by prudent security selection and sector rotation through independent investment counsel.

Bonds include provincial, federal and global bonds. Payments from these bonds are backed by the ability of the issuing corporations to pay and are not guaranteed. All bonds held at March 31, 2005 bear interest at rates ranging from 4.1% to 6.375% paid annually. The effective yield on these bonds based on the carrying value at March 31, 2005 is 3.75%.

Market value of cash and investments at March 31, 2005 is $75,067,000 (2004: $85,935,000).

Non current cash and investments represent the following:

	2005	2004
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 6,765	$ 8,171
Externally restricted for major redevelopment projects	21,921	17,460
Externally restricted grants for Regional Shared Health Information Program	1,051	—
	$29,737	$25,631

Note 4 Capital Assets

	Cost				
	Opening Balance	Transfers from Work in Progress	Additions	Disposals	Closing Balance
	(thousands of dollars)				
Land	$ 6,592	$ -	$ -	$ (15)	$ 6,577
Land improvements	3,537	-	-	(1)	3,536
Facilities and improvements	426,077	50,425	-	(2,325)	474,177
Equipment	103,059	2,618	7,265	(10,094)	102,848
Capital projects in progress	73,645	(53,043)	42,206	(50)	62,758
	$ 612,910	$ -	$ 49,471	$ (12,485)	$ 649,896

	Accumulated Amortization					
	Opening Balance	Current Year Amortization	Amortization on Disposals	Closing Balance	Net Book Value 2005	Net Book Value 2004
	(thousands of dollars)					
Land	$ -	$ -	$ -	$ -	$ 6,577	$ 6,592
Land improvements	2,418	98	(1)	2,515	1,021	1,119
Facilities and improvements	169,342	13,078	(1,804)	180,616	293,561	256,735
Equipment	62,089	8,939	(9,678)	61,350	41,498	40,970
Capital projects in progress	-	-	-	-	62,758	73,645
	$233,849	$ 22,115	$ (11,483)	$244,481	$ 405,415	$ 379,061

(a) Land

Land, facilities, improvements and equipment at the sites listed below were provided to the Authority at nominal values. These capital assets have been included at their estimated net book value.

Site	Leased from	Lease period
Castor Our Lady of the Rosary Hospital and Care Centre	Alberta Infrastructure	April 1, 2003 to March 31, 2102
Trochu St. Mary's Health Care Centre	Alberta Infrastructure	October 1, 2003 to Sept. 30, 2102

Note 4 Capital Assets (continued)

(b) Leased equipment

Equipment was acquired through capital leases at a cost of $602,000 with accumulated amortization of $110,000.

Capital assets were funded from the following sources:

	2005	2004
	(thousands of dollars)	
		(Restated) (Note 23)
Short-term debt	$ 425	$ 425
Long-term debt (Note 7)	1,051	612
Unamortized external capital contributions (Note 9)	372,325	348,790
Internally funded (invested in capital assets)	31,614	29,234
	$405,415	$379,061

Note 5 Loans - Continuing Care Partnership Projects

	2005	2004
	(thousands of dollars)	
Loans receivable		
Continuum Healthcare Corporation	$ 263	$ 295
Voluntary health service providers	21,155	20,944
	$21,418	$21,239

The Authority has a forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, $32,000 was forgiven under the terms of the agreement.

The Authority signed contracts with two voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. During the year, another facility was completed. The Authority uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Authority and private, public or voluntary organizations by providing a one-time, up-front capital grant. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. Final payment for the facility completed in 2005 was $840,324. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year $629,547 was forgiven on the loans receivable.

Note 5 Loans - Continuing Care Partnership Projects (continued)

In addition, pursuant to the contracts, interest has been charged at the bank prime rate (3.75% - 4.25%) plus 2% on the loans receivable for a total of $1,345,000. This amount is included in investment income. The interest has been forgiven and $1,345,000 has been recorded in the continuing care services expenses for the year. The remaining balance of the loans will be forgiven or repaid over a term of 30 years commencing on the date of completion of the facilities.

Note 6 Other Assets

	2005	2004
	(thousands of dollars)	
Deferred development cost		
Wetaskiwin	$271	$271
Drayton Valley	115	115
Mineral rights	24	24
Cooperative's shares	3	3
Accrued pension benefit	507	-
	$920	$413

The deferred development cost includes the cost of land and improvements for the construction of units that are being built as part of the Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

The accrued pension benefit relates to the Senior Executive Retirement Plan which is fully funded and the benefit represents the excess of contributions for the current year over the current year expense.

Note 7 Long-term Debt

	2005	2004
	(thousands of dollars)	
Bank loan	$ 560	$ 612
Obligations under capital leases	491	-
	1,051	612
Current portion	(201)	(52)
	$ 850	$ 560

Future principal payments are estimated as follows:

	Bank Loan	Lease	Total
	(thousands of dollars)		
2006	$ 48	$ 153	$ 201
2007	50	153	203
2008	53	150	203
2009	54	35	89
2010 and thereafter	355	-	355
	$ 560	$ 491	$ 1,051

The bank loan is due in monthly installments of $6,000 including interest at 4%. It is secured by a general assignment of book debts, maturing November 2008.

The capital lease is due in monthly installments of $13,000 to $14,000 including interest at 3%. There is a bargain purchase option of $1 in year four.

Note 8 Deferred Capital Contributions

The deferred capital contribution balance represents amounts accounted for in accordance with the accounting policy described in Note 2 (c)(ii).

	2005	2004
	(thousands of dollars)	(Restated) (Note 23)
Amounts received:		
Restricted Alberta Health and Wellness contributions (Note 13)	$ 4,067	$ 3,950
Restricted other government contributions	32,441	38,040
Regional Shared Health Information Program	1,051	-
Donations restricted for capital purposes	1,515	14
	39,074	42,004
Transferred to:		
Unamortized external capital contributions (Note 9)	(31,245)	(36,333)
Other government contributions (Note 14)	(2,973)	(4,361)
Deferred contributions (Schedule 3)	(68)	-
	(34,286)	(40,694)
Change during the year	4,788	1,310
Balance, beginning of year	24,949	23,639
Balance, end of year	$ 29,737	$ 24,949

Balance at the end of the year is restricted for the following purposes:

	2005	2004
Equipment replacement	6,766	3,970
Upgrade of capital assets	828	3,519
Regional Shared Health Information Program	1,051	-
New construction	21,092	17,460
	$ 29,737	$ 24,949

Note 9 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (b)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2005	2004
	(thousands of dollars)	(Restated) (Note 23)
Balance, beginning of year	$ 348,790	$ 319,505
Transfers from deferred capital contributions (Note 8)	31,245	36,333
Transferred from deferred contributions (Schedule 3)	1,472	2,706
Transferred from Alberta Infrastructure re: Castor Our Lady of the Rosary	-	3,279
Transfer from Alberta Infrastructure re: Trochu St. Mary's Health Care Centre	-	2,854
Other additions	11	191
Regional Shared Health Information Program	10,198	-
	42,926	45,363
Less amounts recognized as revenue:		
Amortization of externally funded equipment	(5,369)	(5,022)
Amortization of externally funded facilities and improvements	(13,291)	(11,056)
Loss on disposal of externally funded facilities and improvements	(471)	-
Loss on disposal of externally funded equipment	(260)	-
	(19,391)	(16,078)
Balance, end of year	$ 372,325	$ 348,790

Note 10 Accumulated Deficit

The Authority's accumulated deficit comprises the following:

	2005	2004
	(thousands of dollars)	(Restated) (Note 23)
Unrestricted net assets	$ (11,306)	$ (13,409)

Note 11 Commitments and Contingencies

The Authority is contingently liable for the buyback of 32 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is $100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

The Authority has entered into Private Public Partnerships (P3) for the provision of continuing care services. Capital construction is complete on all contracts currently in place. There are ongoing commitments for the Authority to provide operating funds to the P3 partners for the provision of contracted continuing care services. Contracted continuing care services total $14,502,335 on an annual basis, subject to inflation and service requirements.

The Authority is currently at the request for proposal stage for an additional P3 project that would replace 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home.

The Authority has committed to a capital upgrade project at the Red Deer Regional Hospital site in the amount of $99,060,000. Total costs to date are $84,153,098 and total contributions to date are $97,100,000. The remaining unfulfilled commitment will be incurred over the next two fiscal years.

The Authority has committed to a capital upgrade project at the Rimbey Health Centre in the amount of $14,000,000. Total costs to date are $11,842 and total contributions to date are $4,750,000. The remaining unfulfilled commitment will be incurred over the next two fiscal years.

The Authority has a commitment to complete the Alberta Hospital Ponoka Redevelopment Phase III Project in the amount of $101,000,000. Total cost to date is $99,276,026 and total contributions to date are $100,212,992. The remaining commitment will be will be incurred in the next fiscal year.

The Authority has committed to a capital project at the Red Deer Community Health Centre in the amount of $7,600,000. Contributions to date total $2,600,000. The commitment will be incurred over the next two fiscal years.

Note 11 Commitments and Contingencies (continued)

In order to reduce the effects of fluctuations in exchange rates, the Authority entered into foreign exchange contracts, on behalf of all the participating regions, in relation to USD commitments under the Regional Shared Health Information Program. (See Note 20 (ii)). Contracts require specified amounts of USD currency be purchased quarterly at set rates. The total of all contracts is $27,800,000 USD ($35,343,940 CAD). During the year, $4,600,000 USD ($5,848,278 CAD) was purchased. For the period April 2005 through September 2007, total commitments are $23,200,000 USD ($29,495,000 CAD).

Note 12 Budget

	2005 Approved Budget(1)	Adjustments(2)	2005 Reported Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 439,401	$ -	$ 439,401
Other government contributions	6,716	5,391	12,107
Fees and charges	25,272	5,248	30,520
Ancillary operations, net	300	(100)	200
Donations	500	251	751
Investment and other income	7,525	3,983	11,508
Amortized external capital contributions	16,851	2,540	19,391
TOTAL REVENUE	496,565	17,313	513,878
Expenses			
Facility-based inpatient acute nursing services	135,690	(5,778)	129,912
Facility-based emergency and outpatient services	39,709	(6,101)	33,608
Facility-based continuing care services	55,527	(3,459)	52,068
Ambulance services	-	118	118
Community-based care	-	13,686	13,686
Home care	22,718	302	23,020
Diagnostic and therapeutic services	81,407	2,198	83,605
Promotion, prevention and protection services	15,742	1,347	17,089
Research and education	367	21	388
Administration	20,074	3,083	23,157
Information technology	9,930	68	9,998
Support services	92,810	10,583	103,393
Amortization of facilities and improvements	12,620	1,245	13,865
TOTAL EXPENSES	486,594	17,313	503,907
Excess of revenue over expenses	$ 9,971	$ -	$ 9,971

(1) The budget was approved by the Board of the Authority on June 8, 2004, and submitted to the Minister of Health and Wellness for approval.

Note 12 Budget (continued)

(2) In accordance with Note 2 (c), the approved budget has been adjusted to reflect the full cost of contracted health operators. There is no net impact on the budgeted surplus for the year, but the adjustments allow for the appropriate allocations to the related revenue and expense categories. In addition, the Business Plan submitted to Alberta Health and Wellness included significant budget allocations based on management estimates. The budget was subsequently adjusted for actual allocations as they became known.

Note 13 Alberta Health and Wellness Contributions

	2005	2004
	(thousands of dollars)	
Unrestricted contributions	$ 428,495	$ 373,822
Restricted contributions	18,054	10,853
Transfers from deferred contributions (Schedule 3)	8,735	7,377
Transfers to deferred contributions (Schedule 3)	(13,986)	(6,633)
Transferred to deferred capital contributions (Note 8)	(4,067)	(3,950)
Restricted contributions made by Alberta Health and Wellness directly to contracted health service operations	187	188
	$ 437,418	$ 381,657

Note 14 Other Government Contributions

	2005	2004
	(thousands of dollars)	
Alberta Government		
Unrestricted Alberta Infrastructure (Schedule 3)	$ 3,940	$ 2,489
Fair value of rent less rent charges for non-acute care facilities used by the Authority	1,187	1,258
Transfers from deferred contributions (Schedule 3)	2,748	2,892
Transfers from deferred capital contributions (Note 8)	2,973	4,361
	10,848	11,000
Other	747	1,759
	$ 11,595	$ 12,759

Note 15 Fees and charges

	Inpatient/Resident		Outpatient		Total	
	2005	2004	2005	2004	2005	2004
			(thousands of dollars)			
Acute Care						
Out-of-province	$ 2,134	$ 2,421	$ 1,184	$ 785	$ 3,318	$ 3,206
Out-of-country base amount	81	108	53	51	134	159
Out-of-country surcharge	101	139	66	67	167	206
WCB standard charges	796	579	2,236	1,567	3,032	2,146
Federal	180	214	232	160	412	374
Other	-	32	-	9	-	41
Preferred accommodation	83	78	-	-	83	78
Insured resident self-pay	806	822	-	-	806	822
Uninsured resident	209	52	84	95	293	147
Continuing care standard ward	67	52	-	-	67	52
Continuing care semi-private	320	285	-	-	320	285
Continuing care private	17	14	-	-	17	14
	4,794	4,796	3,855	2,734	8,649	7,530
Continuing Care						
Continuing care standard ward	571	1,006	-	-	571	1,006
Continuing care semi-private	10,073	9,473	-	-	10,073	9,473
Continuing care private	11,288	8,718	-	-	11,288	8,718
Out-of-province	-	34	-	-	-	34
	21,932	19,231	-	-	21,932	19,231
Home Care						
Homemaking fees	-	-	24	90	24	90
Total	$ 26,726	$ 24,027	$ 3,879	$ 2,824	$ 30,605	$ 26,851

David Thompson Regional Health Authority
Notes To The Financial Statements
For the Year Ended March 31, 2005

Note 16 Ancillary Operations

	2005								2004
	Non-Patient Food Services	Ambulance Services	Assisted Living Condos[1]	Sale of Goods and Service	Parking Operations	David Thompson Dispensary	TV and Telephone	Total	Total
	(thousands of dollars)								
Revenue									
Revenue	$ 1,827	$ 197	$ 224	$ 1,861	$ 1,014	$ 895	$ 125	$ 6,143	$ 4,579
Expenses									
Other expenses	2,053	210	239	1,866	474	964	50	5,856	4,158
Amortization	-	25	-	-	-	-	-	25	1
	2,053	235	239	1,866	474	964	50	5,881	4,159
Excess (deficiency) of revenue over expense	$ (226)	$ (38)	$ (15)	$ (5)	$ 540	$ (69)	$ 75	$ 262	$ 420

(1) Includes Designated Assisted Living: Housing/hoteling component for only those facilities owned by a health region.

Note 17 Investment and Other Income

	2005	2004
	(thousands of dollars)	
Investment income	$ 3,214	$ 3,269
Other income	7,286	6,754
	$10,500	$10,023

Investment income is comprised of interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Other income is comprised of revenue from vocational rehabilitation programs and various revenue and expense recoveries external to the authority.

Note 18 Administration

	2005	2004
	(thousands of dollars)	
General administration	$10,254	$ 9,346
Finance	4,264	5,100
Human resources	5,884	5,106
Administration - contract operators (Schedule 4)	2,519	1,224
	$22,921	$20,776

David Thompson Regional Health Authority
Notes To The Financial Statements
For the Year Ended March 31, 2005

Note 19 Support Services

	2005	2004
	(thousands of dollars)	
Bio-medical engineering	$ 492	$ 443
Building, maintenance, operations and security	31,890	31,024
Case management	933	1,063
Communications	2,309	1,801
Education	3,023	3,030
Housekeeping	13,302	12,920
Laundry and linen	4,250	4,837
Material management	7,568	6,985
Patient food services	16,692	16,702
Patient health records	5,741	5,775
Patient registration	3,028	2,907
Patient transportation	6,361	5,318
Volunteer services	739	683
Support services - contract operators (Schedule 4)	5,665	3,382
	$101,993	$ 96,870

Note 20 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes to the financial statements.

(b) Health authorities

(i) The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

Note 20 Related Parties (continued)

(ii) The Authority has entered into a partnership agreement with the other six non-metro regional health authorities in Alberta to develop and implement a common, integrated information system. The other partners to the agreement are:

Northern Lights Health Region	Chinook Health Region
Peace Country Health	East Central Health
Aspen Health Region	Palliser Health Region

The partnership agreement functions under the name: Regional Shared Health Information Program (RSHIP), and is jointly controlled by the seven participating regions. RSHIP is currently intended to provide two services to the regions. The first service relates to the development and implementation of software through a provincial project management office. The second service represents the operations of a common data processing facility.

Funding of RSHIP activity has been provided partly through Alberta Health and Wellness grants, with the balance being funded by the regions directly. Each region is to take responsibility for the portion of total costs not funded by Alberta Health and Wellness. The amounts are determined annually based on costs expected to be incurred by the Provincial Project Management Office and the Shared Data Centre. The Provincial Project Management Office is expected to require funding from the Authority for the next two fiscal years. The Shared Data Centre will be an ongoing program funded by the Authority and its partners.

Costs of RSHIP have been accounted for using the proportionate consolidation method.

Note 20 Related Parties (continued)

(c) Foundations

David Thompson Health Region has an economic interest in the following foundations:

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2005	
	2005	2004	Externally Restricted	Internally Restricted
	(thousands of dollars)			
David Thompson Health Region Foundation	$ 1,992	$ 1,650	$ 2,516	$ 1,978
Wetaskiwin Health Foundation	20	82	229	1,197
Drayton Valley Health Services Foundation	39	87	166	13
Stettler Health Services Foundation(1)	-	43	-	-
Coronation Health Centre Foundation	2	12	-	36
Drumheller Area Health Foundation	84	153	212	64
Consort Hospital Foundation(1)	-	-	-	-
	$ 2,137	$ 2,027	$ 3,123	$ 3,288

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.

Amounts related to administrative support provided to foundations and the accounts receivable from the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31,	
	2005	2004	2005	2004
	(thousands of dollars)			
David Thompson Health Region Foundation	$ 35	$ 26	$109	$840
Wetaskiwin Health Foundation	-	-	-	-
Drayton Valley Health Services Foundation	-	-	14	-
Stettler Health Services Foundation(1)	-	-	-	-
Coronation Health Centre Foundation	-	-	-	-
Drumheller Area Health Foundation	-	-	10	-
Consort Hospital Foundation(1)	-	-	-	-
	$ 35	$ 26	$133	$840

(1) These foundation statements were not available at time of preparation of these financial statements.

Note 20 Related Parties (continued)

Resources of the foundations are restricted by donors for the exclusive use of the hospital or care centre in the community in which the foundation resides.

(d) Voluntary and private health service operators

The Authority has an economic interest through its contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 21 Subsequent Events

Effective April 1, 2005, the governance and funding of ground ambulance services was transferred to two regional health authorities on a trial basis in 2006 in anticipation of full transference at April 1, 2006.

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The Pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable. At December 31, 2004, the Local Authorities Pension Plan reported a deficit of $1,288,924,000 (2003 deficit $1,453,487,000).

The Authority provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. These assets are held in a Trust Fund administered by the Trustee, the Royal Trust Company of Canada. The plan is fully funded at March 31, 2005. The total pension obligation at the end of the fiscal year was $720,712.

	2005	2004
	(thousands of dollars)	
Amounts expensed related to:		
Local Authorities Pension Plan	$14,931	$13,991
Supplemental Executive Retirement Plan (Schedule 2)	213	-
	$15,144	$13,991

Note 23 Comparative Figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

Major restatement relate to the following:

a) Boundary change

As a result of the transfer of Didsbury to the Calgary Health Region effective December 1, 2003 and to better reflect the current operations of the Authority, certain of the 2004 comparatives numbers have been restated. . Revenues and expenses on the Statement of Operations were both reduced by $7,139,000 thus having no impact on the reported deficit. Accordingly, the Statement of Cash Flow, Schedule 2 and Notes 9, 13, 15, 16, 18 and 19 were also changed to reflect the transfer.

b) Redistribution of surplus (deficit)

The surplus/deficit has been restated by $1,151,000 relating to the transfer of the deficit of disestablished regions.

Note 24 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit, or if the accumulated surplus is insufficient, providing the Minister of Health and Wellness with a plan to eliminate the accumulated deficit within three years. The Authority incurred an operating surplus of $4,483,000 for the year ended March 31, 2005. The Authority has partially offset previously accumulated deficits with this surplus.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual (Restated) (Note 23)
Salaries and benefits (Schedule 2)	$ 340,143	$ 340,372	$ 317,238
Contracts with health service operators (Schedule 4)	28,996	29,379	21,881
Drugs and gases	10,794	10,918	9,810
Medical and surgical supplies	11,173	11,290	10,244
Other contracted services	28,672	28,960	24,156
Interest on long-term debt	31	31	31
Other (1)	66,739	67,853	67,625
Amortization:			
Capital equipment - internally funded	3,623	3,623	3,438
Capital equipment - externally funded	5,629	5,629	4,724
Facilities and improvements	13,865	13,865	11,627
	509,665	511,920	470,774
Less amounts reported in ancillary operations (Note 16)	(5,758)	(5,881)	(4,159)
	$ 503,907	$ 506,039	$ 466,615

(1) Other expenses are comprised of:

	2005	2004
Building and equipment maintenance	$ 15,227	$ 14,646
Diagnostic and therapeutic supplies	5,228	4,965
Dietary supplies	6,131	6,311
Insurance	1,823	1,638
Minor equipment purchases	1,905	2,516
Patient transport and staff travel	9,850	8,817
Rental or lease of building and equipment	4,302	4,074
Utilities	11,446	10,427
Other	11,941	14,231
	$ 67,853	$ 67,625

Schedule 2

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2005
(thousands of dollars)

	2005							2004			
					Severance						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits[2][3]	Severance	Total
Board Compensation											
Chairperson											
Graham, J. - Provincial Business		$ 18	$ -	$ 18		$ -	$ 18		$ 15	$ -	$ 15
- DTRHA Business		36	1	37		-	37		40	-	40
Board Members											
Anderson, C.		18	2	20		-	20		14	-	14
Bergman, G.		11	-	11		-	11		9	-	9
Dawe, M.		16	-	16		-	16		13	-	13
Fowler, R.D.		16	2	18		-	18		1	-	1
Gataint, I.		14	-	14		-	14		14	-	14
Gillespie, E.S.		12	-	12		-	12		12	-	12
Hemming, G.		-	-	-		-	-		8	-	8
King, R.		2	1	3		-	3		9	-	9
Manning, R.		-	-	-		-	-		1	-	1
Moore, W.		27	-	27		-	27		15	-	15
Notley, W.		14	2	16		-	16		13	-	13
Pedersen, B.		6	-	6		-	6		-	-	-
Posti, H.		4	-	4		-	4		-	-	-
Ralston, P.		-	-	-		-	-		1	-	1
Rooyakkers, K.		18	2	20		-	20		15	-	15
Taylor, S.J.		18	2	20		-	20		13	-	13
Thompson, R.G.		16	-	16		-	16		12	-	12
Ungstad, D.		13	-	13		-	13		10	-	10
Total honoraria		$ 259	$ 12	$ 271		$ -	$ 271		$ 215	$ -	$ 215

Schedule 2 (Continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2005
(thousands of dollars)

	2005							2004			
					Severance						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits[2-4]	Severance	Total
Staff											
President & CEO	1.00	$ 260	$ 18	$ 278	-	$ -	$ 278	1.00	$ 284	$ -	$ 284
Management persons reporting to the CEO											
Sr. Vice President & COO - Health Services	1.00	175	17	192	-	-	192	1.00	192	-	192
Vice President & COO - Corporate Services	1.00	160	18	178	-	-	178	1.00	177	-	177
Vice President - Public Health	1.00	140	16	156	-	-	156	1.00	157	-	157
Vice President - Capital Planning & Project Development	1.00	140	18	158	-	-	158	1.00	157	-	157
Vice President - Medicine	1.00	275	18	293	-	-	293	1.00	292	-	292
Executive Director - Communications & Public Relations	1.00	100	16	116	-	-	116	1.00	111	-	111
Director - Corporate & Legislative Affairs	1.00	97	16	113	-	-	113	1.00	108	-	108
Sub-total	8.00	1,347	137	1,484	-	-	1,484	8.00	1,478	-	1,478
Other management persons reporting to those above	30.58	3,268	532	3,800	-	-	3,800	30.16	3,806	-	3,806
Other management	239.37	18,347	3,418	21,765	3	77	21,842	249.94	20,846	631	21,477
Medical doctors not included above	4.22	1,197	83	1,280	-	-	1,280	7.55	2,058	-	2,058
Regulated nurses not included above											
- RNs, Reg. Psych. nurses, Grad nurses	1,380.79	98,028	18,600	116,628	-	-	116,628	1,378.45	108,546	145	108,691
- LPNs	407.16	17,237	3,209	20,446	-	-	20,446	381.76	18,466	-	18,466
Other health technical and professionals	876.45	51,525	9,631	61,156	-	-	61,156	859.75	56,466	42	56,508
Unregulated health service providers	758.35	25,985	4,498	30,483	4	9	30,492	718.40	25,877	260	26,137
Other staff	1,935.65	69,239	13,505	82,744	4	16	82,760	1,900.07	78,164	238	78,402
Supplemental Executive Retirement Plan [5]			213	213	-	-	213	-	-	-	-
Total Staff	5,632.57	284,826	53,689	338,515	11	102	338,617	5,526.08	314,229	1,316	315,545
Total honoraria and staff	5,640.57	$ 286,432	$ 53,838	$ 340,270	11	$ 102	$ 340,372	5,534.08	$ 315,922	$ 1,316	$ 317,238

Schedule 2 (continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2005

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 9,070 (2004 – 9,040)

'Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings. (Submission of CCRA Form CPT-1 "Request for ruling on a worker's status under the Canada Pension Plan or Unemployment Insurance Act" may help health authorities determine whether a person on contract is an employee.)

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) Supplemental Executive Retirement Plan benefits were earned by the following employees:

	Current Year Service Cost	Prior Year Service Cost	Total Pension Expense
		(thousands of dollars)	
President & CEO	$ 27	$ 42	$ 69
Sr. Vice President & COO – Health Services	13	14	27
Vice President – Medicine	33	26	59
Vice President & COO – Corporate Services	9	8	17
Vice President – Capital Planning & Project Development	6	5	11
Vice President – Public Health	2	1	3
Vice President – Community & Continuing Care Services	6	8	14
Executive Director - Patient Care Services	7	2	9
Executive Director - Human Resources	3	1	4
	$ 106	$ 107	$ 213

David Thompson Regional Helath Authority
Schedule of Deferred Contributions
For the Year Ended March 31, 2005
(thousands of dollars)

Schedule 3

		Amounts received or receivable						Amounts recognized as revenue					
	Opening Balance April 1, 2004	Alberta Health and Wellness (Note 13)	Other government contributions	Foundations	Donors	Transfer from Deferred Capital (Note 8)	Investments and other	Alberta Health and Wellness (Note 13)	Other government contributions (Note 14)	Donations	Transfer to UECC (Note 9)	Investments and other	Closing Balance March 31, 2005
Alberta Health and Wellness:													
AADAC	$ 14	$ 117	$ -	$ -	$ -	$ -	$ -	$ (131)	$ -	$ -	$ -	$ -	$ -
Alzheimer - East Central Health	-	34	-	-	-	-	-	(7)	-	-	-	-	27
Arthroplasty Pilot Project	-	4,000	-	-	-	-	-	(408)	-	-	-	-	3,592
Children's Health Initiative	-	182	-	-	-	-	-	(182)	-	-	-	-	-
Development of Student Placement Framework	-	171	-	-	-	-	-		-	-	-	-	171
Evaluation of Access Improvement	-	90	-	-	-	-	-		-	-	-	-	90
Ground Ambulance Transfer of Service	-	250	-	-	-	-	-	(118)	-	-	-	-	132
Immunization Administration	-	692	-	-	-	-	-	(528)	-	-	-	-	164
Nutrition and Infant Growth	-	33	-	-	-	-	-	(13)	-	-	-	-	20
O'chiese Aborginal Health	20	44	-	-	-	-	-	(34)	-	-	-	-	30
Physician on Call	405	6,049	-	-	-	-	-	(5,891)	-	-	-	-	563
Primary Care	-	100	-	-	-	-	-	(100)	-	-	-	-	-
Security of Systems	-	465	-	-	-	-	-		-	-	-	-	465
Senior Resource Project - Nurse Practitioner (HIF)	60	99	-	-	-	-	-	(110)	-	-	-	-	49
Shared Data Centre - H/W Support	-	462	-	-	-	-	-		-	-	-	-	462
Standford Chronic Disease Management Self Training Program	-	63	-	-	-	-	-		-	-	-	-	63
Sunchild Aborginal Health	12	44	-	-	-	-	-	(32)	-	-	-	-	24
Telehealth	74	344	-	-	-	-	-	(248)	-	-	-	-	170
Young Family Wellness	572	744	-	-	-	-	2	(897)	-	-	-	-	421
Other	13	3	-	-	-	-	-	(16)	-	-	-	-	-
Other Contributors:													-
Alberta Infrastructure	5,644	-	4,883	-	-	68	-	-	(3,940)	-	-	-	6,655
Alberta Learning - SON Program	95	-	-	-	-	-	-	-	-	-	-	(95)	-
Canadian Cancer Society	39	-	-	-	-	-	125	-	-	-	-	(115)	49
Case Costing	38	-	-	-	-	-	-	-	-	-	-	-	38
CCIA Initiative	12	-	-	-	-	-	23	(7)	-	-	-	-	28
Diabetes Research Grant - Wetaskiwin	35	-	-	-	-	-	-	-	-	-	-	(35)	-
Enhancement to Electronic	100	-	-	-	-	-	-	-	-	-	-	(2)	98
Golf proceeds - Land Sales	294	-	-	-	-	-	-	-	-	-	-	-	294
Hobbema Equipment	15	-	-	-	-	-	-	-	-	-	-	(15)	-
Keystone Family Services	71	-	27	-	-	-	-	-	(98)	-	-	-	-
LTC HR Initiative	248	-	-	-	-	-	-	(13)	-	-	-	-	235
Neurotomy Research	15	-	-	-	-	-	-	-	-	-	-	(12)	3
Persons with Developmental Disabilities	147	-	243	-	-	-	-	-	(348)	-	-		42
RDRHC - NE Atrium Renovation	-	-	-	-	-	-	25	-	-	-	-	(18)	7
Respiratory Health Initiative	34	-	-	-	-	-	29	-	-	-	-	(12)	51
Special Purpose Funds - Donations	5,502	-	-	517	768	-	777	-	-	(751)	(1,472)	-	5,341
Start Program	32	-	408	-	-	-	-	-	(304)	-	-	-	136
Student Health Initiative Program (SHIP)	-	-	1,345	-	-	-	124	-	(1,345)	-	-	(124)	-
Student Health Outreach Services (SHOS)	-	-	653	-	-	-	-	-	(649)	-	-	-	4
Other	40	-	7	-	-	-	11	-	(4)	-	-	(28)	26
	$ 13,531	$ 13,986	$ 7,566	$ 517	$ 768	$ 68	$ 1,116	$ (8,735)	$ (6,688)	$ (751)	$ (1,472)	$ (456)	$ 19,450

Notes:

1) All grants where the opening balance and the amount received in the current year is greater then ten thousand dollars is listed above.

2) All of the above grants are considered current in nature.

Schedule 4

David Thompson Regional Health Authority
Schedule of Voluntary and Private Health Service Providers
For the Year Ended March 31, 2005
(thousands of dollars)

Facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion prevention and protection services	Administration	Support services	Total Expenditures
A. Voluntary															
Castor Our Lady of the Rosary Hospital and Care Centre	$ 2,864	$ -	$ 338	$ -	$ 3,202	$ 903	$ -	$ 721	$ -	$ -	$ 370	$ -	$ 261	$ 947	$ 3,202
Trochu St. Mary's Health Care Centre	1,500	-	432	-	1,932	-	-	1,197	-	-	121	-	113	501	1,932
Bethany Care Society - Sylvan Lake	1,641	-	692	-	2,333	-	-	1,375	-	-	164	-	324	470	2,333
Bethany Care Society - Collegeside	4,617	-	1,385	-	6,002	-	-	3,099	-	-	405	-	1,117	1,381	6,002
The Good Samaritan Society	1,628	-	640	191	2,459	-	-	1,443	-	-	196	-	270	550	2,459
B. Private															
Ponoka Northcott Care Centre	2,689	187	1,144	-	4,020	-	-	2,161	-	-	323	-	315	1,221	4,020
Linden Nursing Home	1,322	-	608	-	1,930	-	-	1,110	-	-	106	-	119	595	1,930
Private Laboratory	5,832	-	-	-	5,832	-	-	-	-	-	5,832	-	-	-	5,832
Mental Health	946	-	-	-	946	-	-	-	946	-	-	-	-	-	946
Physiotherapy Providers	550	-	-	-	550	-	-	-	-	-	550	-	-	-	550
Early Intervention Program	151	-	-	-	151	-	-	-	-	151	-	-	-	-	151
Other	22	-	-	-	22	-	-	-	-	16	6	-	-	-	22
Total 2005	$ 23,762	$ 187	$ 5,239	$ 191	$ 29,379	$ 903	$ -	$ 11,106	$ 946	$ 167	$ 8,073	$ -	$ 2,519	$ 5,665	$ 29,379
Total 2004	$ 18,950	$ 188	$ 2,563	$ 180	$ 21,881	$ 804	$ 13	$ 7,444	$ 720	$ 499	$ 7,701	$ 94	$ 1,224	$ 3,382	$ 21,881

East Central Health

Financial Statements

March 31, 2005

EAST CENTRAL HEALTH
FINANCIAL STATEMENTS
MARCH 31, 2005

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of East Central Health
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
June 3, 2005

EAST CENTRAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the East Central Health Board for approval. The Auditor General has free access to the Committee of the Whole.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

Steve Petz
President and
Chief Executive Officer

Norm Petherbridge, CA
Chief Financial Officer

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2005
(in thousands)

	2005 Actual	2004 Actual
ASSETS		
Current		
Cash and investments (Note 3)	$ 18,334	$ 13,015
Accounts receivable	1,994	3,242
Contributions receivable from Alberta Health and Wellness	1,678	1,196
Inventories	576	521
	22,582	17,974
Non-current cash and investments (Note 3)	19,663	12,057
Capital assets (Note 4)	91,858	82,966
TOTAL ASSETS	$ 134,103	$ 112,997
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 11,892	$ 16,720
Accrued vacation pay	5,281	5,032
Deferred contributions (Schedule 3)	5,237	3,227
	22,410	24,979
Deferred contributions (Schedule 3)	488	872
Deferred capital contributions (Note 5)	19,175	11,185
Unamortized external capital contributions (Note 6)	85,771	77,730
	127,844	114,766
Net assets		
Accumulated surplus/(deficit)	172	(7,005)
Invested in capital assets from internally funded sources	6,087	5,236
	6,259	(1,769)
TOTAL LIABILITIES AND NET ASSETS	$ 134,103	$ 112,997

The accompanying notes and schedules are part of these financial statements

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS
MARCH 31, 2005
(in thousands)

	2005		2004
	Budget (Note 8)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 9)	$ 179,098	$ 180,576	$ 154,810
Other government contributions (Note 10)	4,922	3,927	3,888
Fees and charges (Note 11)	18,154	19,530	17,977
Ancillary operations, net (Note 12)	28	38	61
Donations	38	220	332
Investment and other income (Note 13)	1,556	3,378	3,312
Amortized external capital contributions (Note 6)	4,472	4,884	4,512
TOTAL REVENUE	208,268	212,553	184,892
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	32,987	33,792	31,211
Facility-based emergency and outpatient services	8,273	9,017	8,181
Facility-based continuing care services	37,330	37,154	36,525
Ambulance services	2,587	2,789	2,392
Community-based care	8,610	8,792	8,341
Home care	16,104	17,917	14,929
Diagnostic and therapeutic services	28,201	28,700	26,266
Promotion, prevention and protection services	5,682	5,751	5,383
Research and education	66	33	63
Administration (Note 14)	12,521	12,602	11,959
Information technology	3,075	2,803	3,599
Support services (Note 15)	42,601	41,434	41,229
Amortization of facilities and improvements	3,265	3,602	3,264
TOTAL EXPENSES	201,302	204,386	193,342
Excess (deficiency) of revenue over expenses	$ 6,966	$ 8,167	$ (8,450)

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
MARCH 31, 2005
(in thousands)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by)			
Operating activities			
Excess (deficiency) of revenue over expenses	$ 6,966	$ 8,167	$ (8,450)
Non-cash transactions			
Amortization of capital equipment			
internally funded	700	539	644
externally funded	1,209	1,318	1,266
Amortization of facilities and improvements	3,265	3,602	3,264
Amortized external capital contributions (Note 6)	(4,472)	(4,885)	(4,495)
Disposals - externally funded	-	-	(18)
Gain on disposal of land	-	(112)	-
Gain on disposal of capital equipment	-	(2)	-
Changes in non-cash working capital accounts	(336)	(1,858)	7,641
Cash generated (used by) from operations	7,332	6,769	(148)
Investing activities			
Purchase of capital assets			
internally funded	(661)	(1,460)	(1,544)
externally funded - land	-	(50)	-
externally funded (Note 6)			
equipment	(2,778)	(1,973)	(1,381)
facilities and improvements	(8,000)	(3,532)	(8,166)
work in progress	-	(7,421)	1,729
Proceeds on disposal of capital assets	-	199	22
Allocations to non-current cash	10,051	(7,606)	3,800
Cash used by investing activities	(1,388)	(21,843)	(5,540)
Financing activities			
Increase (decrease) in non-current deferred contributions (Schedule 3)	(872)	(384)	19
Capital contributions received (Note 5)	1,599	20,966	4,074
Refund of capital contributions from proceeds on sale of land	-	(189)	-
Cash generated from financing activities	727	20,393	4,093
Increase (decrease) in cash and investments	6,671	5,319	(1,595)
Cash and investments beginning of year	13,015	13,015	14,610
Cash and investments, end of year	$ 19,686	$ 18,334	$ 13,015

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(in thousands)

	2005			2004
	Accumulated surplus/(deficit)	Invested in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenue over expenses	$ 8,167	$ -	$ 8,167	$ (8,450)
Capital assets purchased with internal funds	(1,510)	1,510	-	-
Externally funded land purchased	50	-	50	75
Amortization on internally funded capital assets	574	(574)	-	-
Disposal of internally funded capital assets	85	(85)	-	-
Refund of capital contributions from proceeds on sale of land	(189)	-	(189)	-
Net change	7,177	851	8,028	(8,375)
Balance at beginning of year	(7,005)	5,236	(1,769)	6,606
Balance at end of year	$ 172	$ 6,087	$ 6,259	$ (1,769)

EAST CENTRAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005
(in thousands)

Note 1 Authority, Purpose and Operations

East Central Health (the Authority) was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 16 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 24. Following are the significant accounting policies:

(a) Basis of Presentation

(1) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(c), which are controlled by the Authority.

(2) The financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year when related expenses are incurred.

(iv) Endowments and restricted contributions to purchase capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

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Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

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Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of cash and investments, accounts receivable, contributions receivable, non-current cash and investments, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost (moving average) or net realizable value.

(g) Capital Assets

Capital assets and construction and technology projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	5-20 years

Construction and technology projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of capital asset ownership to the Authority are accounted for as capital asset acquisitions financed by restricted external contributions.

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes. These amounts are not reflected in these financial statements but are disclosed in Note 17.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ significantly from these estimates.

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Note 3 Cash and Investments

	2005	2004
Cash	$ 19,803	$ 8,259
Fixed income investments	13,401	11,228
Equities	4,793	5,585
Total current & non-current cash and investments	$ 37,997	$ 25,072
Fair value of cash and investments		
Cash	$ 19,803	$ 8,259
Fixed income investments	13,499	11,394
Equities	4,940	5,339
	$ 38,242	$ 24,992
Classified as		
Current	$ 18,334	$ 13,015
Non-current	19,663	12,057
Total cash and investments	$ 37,997	$ 25,072

(a) To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

(b) Publicly traded fixed-income investments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 4.2% per annum for securities maturing between 1 and 31 years. As at March 31, 2005, the securities have the following term structure based on par:

1 to 5 years	91%
6 to 10 years	4%
Over 10 years	5%

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Note 3 Cash and Investments (continued)

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2005	2004
Healthy Aging Partnership Initiatives (Schedule 3)	$ 488	$ 872
Federal equipment grants	1,295	1,107
Externally restricted for major capital projects	17,880	10,078
	$ 19,663	$ 12,057

Note 4 Capital Assets

	Cost				
	Opening Balance April 1, 2004	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2005
Land	$ 1,114	$	$ [illegible]	$ [illegible]	$ 1,097
Land improvements	2,919		35		[illegible]
Buildings and improvements	[illegible]		[illegible]		[illegible]
Leasehold improvements	95				95
Furniture and equipment	[illegible]		[illegible]	[illegible]	[illegible]
Construction and technology projects in progress (Note 7)	[illegible]		8,281		11,417
	$ [illegible]	$	$ [illegible]	$ [illegible]	$ [illegible]

	Accumulated Amortization					
	Opening Balance April 1, 2004	Current year amortization	Amortization on disposals	Closing Balance March 31, 2005	Net Book Value 2005	Net Book Value 2004
Land	$ —	$	$	$	$ 1,097	$ 1,114
Land improvements	[illegible]	[illegible]		[illegible]	791	[illegible]
Buildings and improvements	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]
Leasehold improvements	[illegible]	4		44	51	[illegible]
Furniture and equipment	[illegible]	[illegible]	14	[illegible]	[illegible]	[illegible]
Construction and technology projects in progress (Note 7)					11,417	[illegible]
	$ [illegible]	$ [illegible]	$ 14	$ [illegible]	$ [illegible]	$ [illegible]

Leased Capital Assets

Land improvements, buildings and improvements and equipment were acquired through capital leases at a cost of $14,543 (2004 - $10,709) with accumulated amortization of $1,671 (2004 - $825).

Note 4 Capital Assets (continued)

Capital assets were funded from the following sources

	2005	2004
Externally funded (unamortized external capital contributions)	$ 85,771	$ 77,730
Internally funded (invested in capital assets)	6,087	5,236
	$ 91,858	$ 82,966

Note 5 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with accounting policy described in Note 2(a)(2)(ii)

	2005	2004
Amounts received		
Restricted Alberta Health and Wellness contributions	$ 2,755	$ 1,716
Restricted other government contributions	17,918	2,000
Donations restricted for capital purposes	423	409
	21,096	4,125
Amounts transferred to operations - Alberta Health and Wellness contributions (Note 9)	(130)	(51)
	20,966	4,074
Transferred to:		
Unrestricted net assets	(50)	(75)
Unamortized external capital contributions (Note 6)	(12,926)	(7,818)
Change during the year	7,990	(3,819)
Balance, beginning of year	11,185	15,004
Balance, end of year	$ 19,175	$ 11,185
Balance at end of the year is restricted for the following purposes		
Equipment replacement	$ 1,567	$ 1,179
New construction	17,608	10,006
	$ 19,175	$ 11,185

Note 6 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(2)(ii) The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years

	2005	2004
Balance, beginning of year	$ 77,730	$ 74,425
Add amounts transferred from deferred capital contributions (Note 5)	12,926	7,818
Disposal of externally funded equipment	-	(18)
Less amounts recognized as revenue		
Equipment	(1,317)	(1,265)
Facilities and improvements	(3,567)	(3,229)
Ancillary operations (Note 12)	(1)	(1)
Balance, end of year	$ 85,771	$ 77,730

Note 7 Commitments and Contingencies

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Schedule 4) The Authority has contracted for services in the year ending March 31, 2006 similar to those provided by these operators in 2005

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of $54.40 per MWh Based on 2005 consumption, the annual costs for the year ending March 31, 2006 are expected to be $926

The Authority is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants

Louise Jensen Long Term Care Project	$ 523
Medical Information Technology Inc	5,237
	$ 5,760

Note 8 Budget

	Approved Budget[1]	Reclassifications[2]	2004/2005 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 179,098	$ -	$ 179,098
Other government contributions	4,922	-	4,922
Fees and charges	18,154	-	18,154
Ancillary operations, net	163	(135)	28
Donations	38	-	38
Investment and other income	1,556	-	1,556
Amortizated external capital contributions	4,472	-	4,472
TOTAL REVENUE	208,403	(135)	208,268
Expenses			
Facility-based inpatient acute nursing services	29,348	3,639	32,987
Facility-based emergency and outpatient services	4,954	3,319	8,273
Facility-based continuing care services	44,901	(7,571)	37,330
Ambulance services	-	2,587	2,587
Community-based services	24,805	(16,195)	8,610
Home care	-	16,104	16,104
Diagnostic and therapeutic services	26,974	1,227	28,201
Promotion, prevention and protection services	5,682	-	5,682
Research and education	66	-	66
Administration	13,308	(787)	12,521
Information technology	2,903	172	3,075
Support services	45,231	(2,630)	42,601
Amortization of facilities and improvements	3,265	-	3,265
TOTAL EXPENSES	201,437	(135)	201,302
Excess (deficiency) of revenue over expenses	$ 6,966	$ -	$ 6,966

(1) The budget was approved by the Authority on August 5, 2004, and submitted to the Minister of Health and Wellness for approval

(2) Initial allocation of payments to our associate partners were adjusted to correct errors in allocation to program costs. In addition, revised disclosure adjustments required ambulance services and home care services to be separately disclosed. These adjustments did not change the approved budgeted surplus

Note 9 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions		
Operating grants	$ 169,549	$ 151,554
Accumulated deficit funding	7,005	-
	176,554	151,554
Transfers from deferred contributions (Schedule 3)	3,733	3,046
Transfers from deferred capital contributions (Note 5)	130	51
AH&W payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	159	159
	$ 180,576	$ 154,810

Alberta Health and Wellness contributions include an unrestricted contribution of $7,005 to eliminate the Authority's accumulated deficit as at March 31, 2004. This contribution has been included in revenue in the current year

Note 10 Other Government Contributions

	2005	2004
Alberta Government		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 713	$ 451
Transfers from deferred contributions (Schedule 3)	2,340	2,424
Fair value to use non-owned acute care facilities (Schedule 4)	874	1,013
	$ 3,927	$ 3,888

Note 11 Fees and Charges

	Inpatient/Resident		Outpatient	
	2005	2004	2005	2004
Acute Care				
Out-of-province	$ 802	$ 788	$ 954	$ 677
Out-of-country base amount	27	5	16	17
Out-of-country surcharge	34	7	20	21
WCB standard charges	310	364	558	442
Federal	70	55	188	172
Uninsured medical services	7	(1)	41	20
Uninsured supplies	-	(1)	13	15
Preferred accommodation	27	29	-	-
Continuing care standard ward	20	-	-	-
Continuing care semi-private	205	159	-	-
Continuing care private	76	18	-	-
	1,578	1,423	1,790	1,364
Continuing Care				
Continuing care standard ward	65	320	-	-
Continuing care semi-private	7,211	6,856	-	-
Continuing care private	8,794	7,923	-	-
Out-of-province	7	-	-	-
	16,077	15,099	-	-
Public Health	-	-	85	91
	$ 17,655	$ 16,522	$ 1,875	$ 1,455

Note 12 Ancillary Operations

	2005				2004
	Non-Patient Food Services	Rental Operations	Other Operations	Total	Total
Revenue					
Revenue	$ 632	$ 39	$ 42	$ 713	$ 725
Amortization of deferred capital contributions (Note 6)	1	-	-	1	1
	633	39	42	714	726
Expenses					
Other expenses	628	11	32	671	661
Amortization	5	-	-	5	4
	633	11	32	676	665
Excess of revenue over expenses	$ -	$ 28	$ 10	$ 38	$ 61

Note 13 Investment and Other Income

	2005	2004
Investment revenue	$ 1,362	$ 1,416
Other revenue	2,016	1,896
	$ 3,378	$ 3,312

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 14 Administration

	2005	2004
General administration	$ 4,407	$ 4,192
Finance	1,184	1,110
Human Resources	1,362	1,234
Administration - contract operators (Schedule 4)	5,649	5,423
	$ 12,602	$ 11,959

Note 15 Support Services

	2005	2004
Building maintenance, operations and security	$ 8,651	$ 9,069
Education	358	475
Housekeeping	2,598	2,629
Laundry and linen	1,143	1,204
Materiels management	1,115	1,048
Patient food services	5,057	4,713
Patient health records	1,408	1,383
Patient registration	744	673
Support services - contract operators (Schedule 4)	20,360	20,035
	$ 41,434	$ 41,229

Note 16 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. The Minister of Health and Wellness appointed all board members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations, notes and schedules to the financial statements.

Note 16 Related Parties (continued)

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the statement of operations.

(c) Foundations

The following controlled foundations are not consolidated in these financial statements.

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2005	2004
Total assets	$ 1,818	$ 1,818
Total liabilities	(129)	(129)
Net assets	$ 1,689	$ 1,689
Revenues	$ 181	$ 181
Expenses	(248)	(248)
Deficiency of revenues over expenses	$ (67)	$ (67)

The resources of the Foundation amounting to $1,689 (2004 - $1,689) have been restricted by the donors for the exclusive use of the Viking community.

The Viking Health Foundation prepared financial statements using the restricted fund method.

The 2005 amounts are from preliminary unaudited results and the 2004 amounts are from audited financial statements.

(ii) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

Note 16 Related Parties (continued)

(ii) Tofield and Area Health Services Foundation (continued)

	2005	2004
Total assets	$ 32	$ 16
Total liabilities	-	-
Net assets	$ 32	$ 16
Revenues	$ 16	$ 16
Expenses	-	-
Excess of revenues over expenses	$ 16	$ 16

The resources of the Foundation amounting to $32 (2004 - $16) have been restricted by the donors for the exclusive use of the Tofield community.

The Tofield and Area Health Services Foundation prepared financial statements using the restricted fund method.

The 2005 and 2004 amounts are from preliminary unaudited results.

	Contributions received from the Foundation		Resources held by the Foundation	
	Year ended March 31		At March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Viking Health Foundation	$ 115	$ 115	$ -	$ 1,689
Tofield and Area Health Services Foundation	-	-	-	32
	$ 115	$ 115	$ -	$ 1,721

(d) Other Foundations

The Authority has economic interest in the following foundations.

	Contributions received from the Foundation		Resources held by the Foundation	
	Year ended March 31		At March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Daysland General Hospital Foundation	$ 9	$ 31	$ -	$ 151
Wainwright & District Community Health Foundation	31	15	34	427
	$ 40	$ 46	$ 34	$ 578

Note 16 Related Parties (continued)

(d) Other Foundations (continued)

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations

The Authority is permitted to appoint one representative to the Board of Directors of each foundation These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community

No administrative support was provided to the foundations referred to in (c) and (d) above

Amounts due from (payable to) the foundations at year-end are as follows

	2005	2004
Viking Health Foundation	$ 8	$ 121
Tofield and Area Health Services Foundation	-	-
	$ 8	$ 121

(e) Voluntary and Private Health Service Operators

The Authority has an economic interest through its contracts with voluntary and private health service providers in the Region Details are presented in Schedule 4

Note 17 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Regional Shared Health Information Program (RSHIP) and the Alzheimer's Dementia project These amounts are not included in the operations, assets or liabilities reported in these financial statements

During the year the Authority received $4,701 (2004 - $3,029) and disbursed $8,094 (2004 - $7,062) for the above noted items The balance of funds held by the Authority is $254 (2004 - $3,646)

Note 18 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan Pension expense in these financial statements is equal to the Authority's annual contributions payable of $3,557 for the year ended March 31, 2005 (2004 - $2,837)

At December 31, 2004, the Local Authorities Pension Plan reported a deficiency of $1,288,924 (2003 - deficiency of $1,453,487)

Note 19 Province Wide Services

Alberta Health and Wellness contributions include funding for Province Wide Services, which are a range of complex and high cost medical services available to Albertans Funding and cost information included in revenue and expenses are as follows

	2005			
			Variance	
	Funding	Costs	$	%
Inpatient and outreach services	$ 9,763	$ 9,793	$ (30)	(0.3)
Unallocated funding	60	-	60	100.0
	9,823	9,793	30	0.3
Amortized external capital contributions	28	-	28	100.0
Total	$ 9,851	$ 9,793	$ 58	0.6

	2004			
			Variance	
	Funding	Costs	$	%
Inpatient and outreach services	$ 9,222	$ 9,303	$ (81)	(0.9)
Unallocated funding	-	-	-	-
	9,222	9,303	(81)	(0.9)
Amortized external capital contributions	21	-	21	100.0
Total	$ 9,243	$ 9,303	$ (60)	(0.6)

(a) Total funding includes amortization of related external contributions Amortized external contributions represent the revenue associated with the amortization expense of externally funded capital assets

(b) Inpatient and outreach services include direct costs, allocation of overhead and internally funded and externally funded amortization of equipment

(c) Inpatient and outreach services consist of specialized nursing, therapeutic and psychiatric services for geriatric patients

Note 20 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation

Note 21 Approval of Financial Statements

These financial statements have been approved by the Board of the Authority

Schedule 1

EAST CENTRAL HEALTH
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

	Budget	2005	2004
Salaries and benefits (Schedule 2)	$ 78,324	$ 78,638	$ 73,600
Contracts with health service operators (Schedule 4)	89,951	91,904	88,614
Drugs and gases	1,460	1,641	1,572
Medical and surgical supplies	1,114	1,299	1,159
Other contracted services	5,183	4,845	6,103
Other [1]	20,761	21,281	17,785
Amortization:			
Capital equipment - internally funded	700	537	644
Capital equipment - externally funded	1,209	1,315	1,266
Facilities and improvements	3,265	3,602	3,264
	201,967	205,062	194,007
Less amounts reported in ancillary operations (Note 12)	(665)	(676)	(665)
	$ 201,302	$ 204,386	$ 193,342

[1] Other:

	Budget	2005	2004
Utilities	$ 3,393	$ 3,044	$ 3,295
Buildings and ground maintenance	3,033	2,675	2,953
Staff travel costs	1,295	1,714	1,294
Food supplies	1,670	1,712	1,629
Patient transportation	1,376	1,546	1,361
Minor equipment	1,681	939	1,576
Insurance	478	512	474
Other	7,835	9,139	5,203
Total	$ 20,761	$ 21,281	$ 17,785

Schedule 2

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005							2004			
					Severance						
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals [1]	Salaries and Honoraria [2]	Severance	Total
Authority/Board Compensation											
Chair - E. Andersen	1	$ 29	$ -	$ 29	-	$ -	$ 29	1	$ 30	$ -	$ 30
M. Arnold	1	9	-	9	-	-	9	1	11	-	11
R. Crooker	1	9	-	9	-	-	9	1	8	-	8
P. Gulak	1	8	-	8	-	-	8	1	7	-	7
J. Hunter	1	7	-	7	-	-	7	1	9	-	9
R. Israelson	1	8	-	8	-	-	8	1	12	-	12
L. Johnson	1	6	-	6	-	-	6	1	8	-	8
S. Martin	1	-	-	-	-	-	-	1	6	-	6
C. Mastel	1	6	-	6	-	-	6	1	9	-	9
O. Olineck	1	8	-	8	-	-	8	1	14	-	14
M. Schreiber	1	8	-	8	-	-	8	1	8	-	8
M. Zeniuk	1	4	-	4	-	-	4	1	9	-	9
Total Honoraria	12	102	-	102	-	-	102	12	131	-	131

Schedule 2 (continued)

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005							2004			
					Severance [5]						
	Number of FTE's [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of FTE's [1]	Salaries, Benefits & Allowances (2,3)	Severance	Total
Staff											
Chief Executive Officer [4]	1.0	225	34	259	-	-	259	1.0	288	-	288
Management persons reporting to the CEO:		-	-			-					
Vice President - Medical Services	1.0	211	19	230	-	-	230	0.9	207	-	207
Vice President - Operations	1.0	136	20	156	-	-	156	0.4	59	-	59
Vice President - Health Services	-	-	-	-	-	-	-	0.7	91	-	91
Chief Financial Officer	1.0	135	19	154	-	-	154	1.0	141	-	141
Vice President - Development	0.3	32	5	37	1	40	77	0.3	46	-	46
Chief Corporate Services Officer	1.0	130	19	149	-	-	149	1.0	133	-	133
Chief Human Resources Officer	-	-	-	-	-	-	-	0.7	82	-	82
Director - Communications	1.0	84	15	99	-	-	99	1.0	95	-	95
Other management persons reporting directly to those above	8.9	895	147	1,042	-	-	1,042	17.2	1,718	-	1,718
Other management	66.3	5,080	948	6,028	-	-	6,028	50.7	4,540	-	4,540
Regulated nurses not included above											
RN's, Reg. Psych. Nurses, Grad nurses	289.8	19,930	3,887	23,817	-	-	23,817	285.2	22,210	-	22,210
LPN's	118.1	4,898	916	5,814	-	-	5,814	116.6	5,499	-	5,499
Other health technical and professionals	170.8	9,962	1,891	11,853	1	7	11,860	185.3	11,618	-	11,618
Unregulated health service providers	377.6	9,371	1,733	11,104	1	2	11,106	299.8	10,667	-	10,667
Other staff	436.6	14,637	3,084	17,721	2	24	17,745	386.0	16,038	37	16,075
Subtotal - Staff	1,474.4	65,726	12,737	78,463	5	73	78,536	1,347.8	73,432	37	73,469
Total[6]		$ 65,828	$ 12,737	$ 78,565		$ 73	$ 78,638		$ 73,563	$ 37	$ 73,600

Schedule 2 (continued)

EAST CENTRAL HEALTH

SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2005

(1) Full time equivalent (FTE) has been determined as follows:

(a) For those employees governed by the AUPE Community Health Services collective agreement a FTE is defined as 1,827 hours per annum.
(b) For those employees governed by the UNA collective agreement, a FTE is defined as 1,921 hours per annum.
(c) For all other employees a FTE is defined as 2,023 hours per annum.

Total actual discrete number of individuals employed: 2,105.

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, registered retirement savings plan, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, short and long-term disability plans, Canada Pension Plan, employment insurance, workers compensation and tuition.

(4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

(5) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $nil on existing contracts between the Authority and the employees for services that no longer will be provided by the employees; continued payment for Authority share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling, office space and administrative support.

(6) The total amount is reported in Schedule 1.

Schedule 3

EAST CENTRAL HEALTH
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	Opening Balance April 1, 2004	Amounts received or receivable				Amounts recognized as revenue			Closing Balance March 31, 2005
		Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Investments and other	
Current:									
Alberta Health and Wellness:									
Rural on call program	$ 239	$ 1,506	$ -	$ -	$ -	$ 1,491	$ -	$ -	$ 254
Specialists on call program	6	1,797	-	-	-	1,040	-	-	763
Primary Care Initiative - Regional	-	100	-	-	-	-	-	-	100
Primary Care Initiative - Camrose	-	50	-	-	-	14	-	-	36
Primary Care Initiative - Provost	-	50	-	-	-	3	-	-	47
Ambulance Transition	-	125	-	-	-	85	-	-	40
Telehealth operating grant	-	80	-	-	-	80	-	-	-
Alzheimer & dementia front-line training	-	20	-	-	-	20	-	-	-
Immunization administrative costs	132	219	-	-	-	151	-	-	200
Children's health initiative	148	67	-	-	-	-	-	-	215
Information technology projects	140	-	-	-	-	140	-	-	-
Early childhood development	12	445	-	-	-	209	-	-	248
Privacy and security	-	232	-	-	-	86	-	-	146
Other contributors:									-
Alberta Infrastructure - IMP	1,849	-	1,868	-	-	-	1,855	-	1,862
Alberta Infrastructure -HSI	605	-	1,001	-	-	-	298	-	1,308
PARTY Program	1	-	-	(1)	-	-	-	-	-
Alberta Education:									-
Summer Student Employment Program	-	-	11	-	-	-	11	-	-
Alberta Cancer Board:									-
Cervical cancer screening program	5	-	35	-	-	-	36	-	4
Community cancer clinic - Lloydminster	-	-	83	-	-	-	83	-	-
Alberta Alcohol and Drug Abuse Commission:									-
Fresh Air No Smoke (F.A.N.S.)	8	-	-	-	-	-	-	-	8
Young adult tobacco reduction program	82	-	(28)	-	-	-	54	-	-
Tobacco reduction and problem gambling	-	-	3	-	-	-	3	-	-
Alberta Medical Association:									-
"Do Bugs Need Drugs" Campaign	-	-	6	-	-	-	-	-	6
	3,227	4,691	2,979	(1)	-	3,319	2,340	-	5,237
Non-current:									
Alberta Seniors:									
Healthy aging partnership initiatives (HAPI)	872	-	-	-	30	414	-	-	488
	$ 4,099	$ 4,691	$ 2,979	$ (1)	$ 30	$ 3,733	$ 2,340	$ -	$ 5,725

Schedule 4

EAST CENTRAL HEALTH
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	Direct Authority Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Ambulance services	Community based services	Home care	Diagnostic and therapeutic services	Promotion, prevention and protection services	Administration	Information technology	Support services	Total Expenses
Voluntary																	
St Mary's Hospital, Camrose	$ 19,532	$ -	$ 579	$ -	$ 20,111	$ 8,452	$ 2,767	$ -	$ 319	$ -	$ -	$ 3,450	$ -	$ 799	$ 83	$ 4,241	$ 20,111
The Bethany Group, Camrose	15,319	-	3,593	-	18,912	-	-	10,777	-	-	865	1,231	-	1,874	-	4,165	18,912
Prairie North Health Region (Lloydminster)	15,093	-	1,790	310	17,193	3,848	1,145	3,236	-	999	352	2,082	297	1,154	81	3,999	17,193
Killam General Hospital Corporation	4,110	-	729	-	4,839	980	173	1,357	106	33	29	608	-	307	11	1,235	4,839
Lamont Health Centre	8,060	-	1,771	518	10,349	1,600	1,282	3,002	162		-	1,131	-	605	-	2,567	10,349
Mary Immaculate Health Centre - Mundare	1,711	-	464	-	2,175		-	1,089	-		-	199	-	185	-	702	2,175
St Joseph's Hospital - Vegreville	8,241	-	228	46	8,515	2,396	948	-	567	-	-	2,173	-	339	13	2,079	8,515
Private																	
Laboratory Contracts	2,718	-	-	-	2,718	-	-	-	-	-	-	2,718	-	-	-	-	2,718
Extendicare (Canada) Inc	2,456	159	865	-	3,480	-	-	1,465	6	-	-	251	-	386	-	1,372	3,480
Home Care Contracts																	
Self Managed Care	779	-	-	-	779	-	-	-	-	-	779	-	-	-	-	-	779
Designated Supportive Housing	1,257	-	-	-	1,257	-	-	-	-	-	1,257	-	-	-	-	-	1,257
Others	718	-	-	-	718	-	-	-	-	-	718	-	-	-	-	-	718
Therapeutic Services Contracts																	
Physiotherapy	449	-	-	-	449				-		-	449	-				449
Others	210	-	-	-	210	-	-		-	-		210	-	-	-	-	210
Community Mental Health Service Contractors	88	-	-	-	88	-	-	-	-	88	-	-	-	-	-	-	88
Lloydminster Public School District	26	-	-	-	26	-	-	-	-	-	-	26	-	-	-	-	26
Lloydminster Catholic School Division	7	-	-	-	7	-	-	-	-	-	-	7	-	-	-	-	7
Lloydminster Early Intervention Program	73	-	-	-	73	-	-		-	-	73	-	-	-	-	-	73
City of Lloydminster	5	-	-		5		-		-	-		-	5		-	-	5
Total 2005	$ 80,852	$ 159	$ 10,019	$ 874	$ 91,904	$ 17,276	$ 6,315	$ 20,926	$ 1,160	$ 1,120	$ 4,073	$ 14,535	$ 302	$ 5,649	$ 188	$ 20,360	$ 91,904
Total 2004	$ 78,021	$ 159	$ 9,421	$ 1,013	$ 88,614	$ 15,789	$ 5,679	$ 20,736	$ 972	$ 951	$ 5,193	$ 13,392	$ 288	$ 5,423	$ 156	$ 20,035	$ 88,614

Capital
#6

Capital Health

Consolidated Financial Statements

March 31, 2005

CAPITAL HEALTH

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

Auditor's Report

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Capital Health
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of Capital Health (the Region) as at March 31, 2005 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. I have also audited the supplementary information comprised of the combined consolidated schedule of costs of health outputs of the Region and Caritas Health Group as at and for the year ended March 31, 2005, presented in accordance with the basis disclosed in Notes a and b to the schedule. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

In my opinion, the combined consolidated schedule of costs of health outputs presents fairly in all material respects the combined costs of health outputs of the Region and Caritas Health Group as at and for the year ended March 31, 2005 in accordance with the basis of presentation disclosed in Notes a and b to the Schedule to the consolidated financial statements.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
June 10, 2005

CAPITAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying consolidated financial statements are the responsibility of management and have been approved by Capital Health. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising of written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. Capital Health has established a code of ethics and corporate directives, which require communication of the code to employees.

Capital Health members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management, and the Auditor General to discuss and review financial matters, and recommends the consolidated financial statements to the Capital Health Board for approval. The Auditor General has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated financial statements prepared by management.

Sheila Weatherill
President and
Chief Executive Officer

Allaudin Merali
Allaudin Merali
Executive Vice President &
Chief Financial Officer

June 10, 2005

CAPITAL HEALTH
CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2005
(thousands of dollars)

	2005	2004
ASSETS		
Current assets		
Cash and temporary investments (Note 3)	$ 176,658	$ 150,500
Accounts receivable		
Contributions receivable	45,782	14,165
Other receivables	81,787	44,737
Inventories	12,842	10,289
Prepaid expenses	67,809	40,490
	388,178	260,191
Contributions receivable	10,233	200
Loans - long-term care partnership projects (Note 4)	38,909	28,192
Cash internally restricted for life lease	1,275	1,025
Non-current cash and investments (Note 3)	470,080	202,713
Capital assets (Note 5)	882,028	844,934
TOTAL ASSETS	$ 1,790,600	$ 1,337,255
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 183,600	$ 153,784
Accrued vacation pay	72,322	64,825
Deferred operating contributions (Schedule 3)	119,880	84,135
Current portion of long term debt (Note 6)	837	378
	387,639	302,622
Non-current liabilities		
Deferred contributions (Schedule 3)	3,180	1,054
Deferred capital contributions (Note 7)	460,629	168,152
Deferred contributions - long term care partnership projects (Note 4)	49,517	50,312
Long term debt (Note 6)	25,859	8,054
Life lease deposits (Note 8)	13,744	14,492
	552,924	244,064
Unamortized external capital contributions (Note 9)	768,740	521,458
Net assets		
Unrestricted		(43,000)
Internally restricted funds for designated purposes	6,605	9,965
Accumulated surplus (deficit) (Note 10)	6,605	(33,035)
Investment in capital assets from internally funded sources	74,722	102,146
	81,327	69,111
TOTAL LIABILITIES AND NET ASSETS	$ 1,790,600	$ 1,337,255

Commitments (Note 11)

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 1,861,807	$ 1,858,329	$ 1,672,222
Other government contributions (Note 14)	36,185	38,490	36,884
Fees and charges (Note 15)	137,583	156,216	114,670
Ancillary operations, net (Note 16)	4,763	6,258	(2,206)
Research, education, investment and other income (Note 17)	80,671	96,084	87,698
Amortization of external capital contributions (Note 9)	55,160	71,386	56,326
TOTAL REVENUE	2,176,169	2,226,763	1,985,554
Expense (Schedule 1)			
Facility-based inpatient acute care services	623,441	652,982	558,815
Facility-based emergency and outpatient services	241,329	246,624	210,742
Facility-based continuing care services	213,148	213,813	197,476
Ambulance services	9,668	10,289	10,012
Community-based care	63,268	66,940	66,341
Home care	66,217	67,025	66,098
Diagnostic and therapeutic services	419,634	420,654	381,693
Promotion, prevention and protection services	31,256	51,432	49,596
Research and education	87,426	85,565	78,483
Administration (Note 18)	56,321	55,648	51,732
Information technology	56,215	62,788	50,599
Support services (Note 19)	281,811	283,115	262,314
Amortization of facilities and improvements	30,565	31,828	32,634
TOTAL EXPENSE	2,202,169	2,218,484	2,026,633
Excess (deficiency) of revenue over expense	$ (26,000)	$ 8,283	$ (41,079)

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005			2004
	Accumulated Surplus (Deficit) (Note 10)	Investment in Capital Assets	Total	Total
Accumulated Surplus (Deficit)				
Unrestricted	$ (43,000)			
Internally restricted funds for designated purposes	9,965			
Balance at beginning of year	(33,035)	$ 102,146	$ 69,111	$ 110,190
Excess (deficiency) of revenue over expense	8,285	-	8,285	(41,079)
Capital assets purchased with internal funds	(41,191)	41,191	-	-
Amortization on internally funded assets	51,379	(51,379)	-	-
Transfer for internally funded capital assets	(250)	250		
Long-term debt on building	19,000	(19,000)	-	-
Repayment of long-term debt used to fund capital assets	(766)	766	-	
Other	3,931	-	3,931	-
Life lease deposits paid	(748)	748	-	
Balance at end of year	$ 6,605	$ 74,722	$ 81,327	$ 69,111

The accompanying notes and schedules are part of these consolidated financial statements

CAPITAL HEALTH
CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Operating activities:			
Excess (deficiency) of revenue over expense	$ (26,000)	$ 8,285	$ (41,079)
Non-cash transactions:			
Amortization of capital equipment - internally funded	26,000	37,988	27,609
Amortization of capital equipment - externally funded	38,277	39,171	31,978
Amortization of facilities and improvements	31,723	31,403	34,489
Amortization of long-term care partnership non-current loan (Note 4)	1,500	854	682
Amortization of external capital contributions (Note 9)	(70,000)	(71,467)	(56,352)
Amortization of long-term care partnership deferred contributions (Note 4)	(1,500)	(854)	(682)
Net loss on disposal of capital assets	14,000	14,284	5,784
Write down of investments to market value		-	99
Gain on disposal of investments		(2,315)	(1,727)
Change in non-cash working capital accounts	(31,134)	(16,971)	30,793
Cash generated (used) by operations	(17,134)	40,378	31,684
Investing activities:			
Purchase of investments	(60,000)	(56,128)	(88,911)
Purchase of capital assets			
Internally funded	(34,398)	(41,191)	(42,420)
Externally funded (Note 9)			
Equipment	(43,700)	(43,253)	(19,765)
Facilities and improvements	(74,521)	(74,996)	(47,834)
Proceeds on sale of investments	60,000	56,186	88,173
Long-term care partnership projects (Note 4)	(6,000)	(11,468)	(8,854)
Allocation to cash internally restricted for life lease	-	(250)	(250)
Allocations to non-current cash	(162,094)	(265,110)	(16,541)
Cash used for investing activities	(320,713)	(436,710)	(126,402)
Financing activities:			
Deferred contributions		126	2,027
Capital contributions (Note 7)	307,519	411,226	82,695
Long-term care partnership projects (Note 4)		54	116
Change in contributions receivable	-	(10,033)	100
Transfer for boundary realignment	-	3,931	-
Principal payments on long-term debt	(592)	(766)	(774)
Proceeds from long-term debt	19,000	19,000	-
Life lease deposits received (paid)	-	(748)	14
Cash generated from financing activities	325,927	422,790	84,178
Increase (decrease) in current cash and temporary investments	(11,920)	26,458	(10,540)
Cash and temporary investments at beginning of year	150,500	150,500	161,040
Cash and temporary investments at end of year	$ 138,580	$ 176,958	$ 150,500

The accompanying notes and schedules are part of these consolidated financial statements

CAPITAL HEALTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

Note 1 Authority, Purpose and Operations

Capital Health was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act.

On May 26, 2003 under a Ministerial Order, the Health Authority was named Capital Health. Capital Health is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health's geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert, the communities of Devon, Stony Plain, Sherwood Park, Evansburg, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county.

Capital Health provides a significant amount of services to residents of surrounding northern regions, and for some specialized programs, provides services to all Albertans as well as the western provinces and territories.

Capital Health operations include the following:

a) Acute Care Hospitals, Community Hospitals and Health Centres
    - University of Alberta Hospital
    - Royal Alexandra Hospital
    - Glenrose Rehabilitation Hospital
    - Grey Nuns Community Hospital (operated by the Caritas Health Group)
    - Misericordia Community Hospital (operated by the Caritas Health Group)
    - Sturgeon Community Hospital
    - Leduc Community Hospital
    - Devon General Hospital
    - Alberta Hospital Edmonton
    - Fort Saskatchewan Health Centre
    - Redwater Health Centre
    - Westview Health Centre

Note 1 Authority, Purpose and Operations (continued)

b) Innovative Primary Health Facilities
    - Northeast Community Health Centre
    - Strathcona Health First

c) Continuing Care Facilities
    - Capital Care Group Inc. (wholly owned subsidiary of Capital Health):
        - Dickinsfield, Grandview, Norwood, Lynnwood, Mewburn Veterans Centre, Strathcona Care Centre, McConnell Care Centres, Laurier Houses, Family Care Homes and Strathcona Alzheimer Care Centre
    - Aspen House
    - Edmonton General Hospital (operated by the Caritas Health Group)
    - Private and Voluntary Continuing Care Providers:
        - 15 providers under contract operating at 30 sites

d) Home Care - contracts with 51 agencies and 304 self managed care contracts with individuals/guardians
e) Public Health Clinics - 23 sites
f) Public Health Specialty Clinics - 5 sites and 5 school health sites
g) Medical Education (interns and residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital site
k) Community Rehabilitation Physiotherapy Clinics at 66 sites under contract and 4 public sites and 16 other contract rehabilitation providers (audiology, respiratory therapy, etc.)
l) Community Organizations - 121 providers under contract
m) Ancillary Operations - non-patient food services, parking, and other commercial activities

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 24 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated (see Note 20). The entities consolidated are Capital Health and its wholly owned subsidiary, Capital Care Group Inc.

In addition, Capital Health has a fifty percent interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta. The proportionate consolidation method has been used to include Capital Health's interest in this joint venture.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable, by definition unrestricted means no designation.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred. Unspent contributions are recorded as deferred contributions.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(viii) Revenue from sale of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

Capital Health accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.

(iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions and as program expense, since contract payments from Capital Health do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for Capital Health's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Capital Health has insufficient information to apply defined benefit accounting. Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

Capital Health has a supplementary defined benefit plan for certain management staff. Capital Health's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and servic to retirement. No cash payments are made to staff relating to this plan until their retirement. All actuarial gains and losses are recognized as expense in the year incurred.

(ii) Other Future Benefits

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment are entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Capital Health fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market value. Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The value after write-down is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

The fair values of cash and investments are disclosed in Note 3.

Non-current contributions receivable approximate their fair value.

The carrying value of the life lease deposits repayable over a long term at the original values is not discounted. The fair value of the life lease deposits is not practically determinable.

The carrying value of long-term debt approximates its fair value.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average cost) and net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5% - 10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress are not amortized until the project is complete.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets (continued)

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health and Wellness for specific projects. These amounts are not reflected in the financial statements but are disclosed in Note 23.

(i) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Capital Health records amounts to accrue for the impact of unsettled labour contracts. These amounts are estimates of future increases in salaries and benefits payable. Actual results could differ from these estimates.

Note 3 Cash and Temporary Investments

	2005		2004	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Cash	$ 530,998	$ 530,998	$ 243,994	$ 243,994
Money market securities	10,394	10,297	1,881	1,895
Bonds	76,894	80,822	74,466	78,505
Equities	28,752	37,541	32,872	40,562
Total	$ 647,038	$ 659,658	$ 353,213	$ 364,956
Classified as:				
Current	$ 176,958		$ 150,500	
Non-current	470,080		202,713	
	$ 647,038		$ 353,213	

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0% to 100% for fixed-income instruments and 0% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from September 2005 to June 2033. Bond yields to maturity range from 3.5 % to 5.4 % as at March 31, 2005 (March 31, 2004 – 2.7% to 5.1 %). The weighted average term to maturity is 8.1 years.

Fixed-income securities, such as bonds, have an average effective yield of 2.6 % per annum based on the market for securities maturing within a year, 4.0 % per annum for securities maturing between 1 and 3 years, 3.8 % per annum for securities maturing between 3 and 5 years, 4.4 % per annum for securities maturing between 5 and 7 years, 4.6 % per annum for securities maturing between 7 and 10 years and 4.7 % per annum for securities maturing over 10 years.

Note 3 Cash and Temporary Investments (continued)

(b) (continued)

As at March 31, 2005 the securities have the following term structure based on market.

	%
Under 1 Year	1.2
1 to 5 years	31.8
5 to 10 years	49.0
Over 10 years	18.0
	100.0

The carrying value of certain investments is in excess of fair market value at March 31, 2005. The carrying value of equities has been reduced by an amount determined to be the decline in value that is other than temporary.

In circumstances where the decline in carrying value of equities is other than temporary (normally over a three or four year period), the carrying value would be written down to fair market value. Based on a review any decline in carrying value of equities not written down is deemed to be temporary.

(c) Equities are comprised of publicly traded equities in Canadian and United States resident corporations, and non-North American equities in developed countries. Risk is reduced by prudent security selection and sector rotation.

(d) Non-current cash and investments held relate to the following:

	2005	2004
	(thousands of dollars)	
Funds committed for long-term care partnership projects (Note 4)	$ 49,512	$ 50,312
Non-current loan - long-term care partnership projects (Note 4)	(38,806)	(28,192)
Contributions externally restricted for operating purposes	3,180	3,054
Contributions externally restricted for capital purposes (Note 7)	460,629	168,152
Contributions receivable	(10,233)	(200)
Internally restricted funds (Note 10)	6,605	9,965
Current portion of long-term debt (Note 6)	(807)	(378)
	$ 470,080	$ 202,713

Note 4 Long-term Care Partnership Projects

Capital Health uses the Forgivable Mortgage Model for reporting the receipt and advancement of funds for long-term care partnership projects. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. These funds are recorded as deferred contributions – long-term care partnership projects, except for funds used by Capital Care Group Inc. to construct the Strathcona Care Centre and Kipnes Centre for Veterans which are accounted for as deferred capital contributions. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years).

Capital Health amortizes loans - long-term care partnership projects to facility-based continuing care services and recognizes an equal amount of revenue as other government contributions through the amortization of deferred contributions long-term care partnership projects.

a) Loans - Long-term care partnership projects

	2005	2004
	(thousands of dollars)	
Balance at beginning of year	$ 28,192	$ 20,020
Funds advanced for construction of facilities	11,468	8,854
Amount recognized as facility-based continuing care services expense	(854)	(682)
Balance at end of year	$ 38,806	$ 28,192

b) Deferred contributions – long-term care partnership projects

	2005	2004
	(thousands of dollars)	
Balance at beginning of year	$ 50,312	$ 50,729
Transferred from deferred operating contributions	-	149
Net interest earned	54	116
Amount recognized as other government contribution revenue (Note 14)	(854)	(682)
Balance at end of year	$ 49,512	$ 50,312

Note 5 Capital Assets

	Cost (thousands of dollars)				
	Opening Balance April, 2004	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2005
Buildings	$ 961,654	$ 76,490	$ -	$ (2,352)	$ 1,035,792
Parking lots	36,341	12,537			48,878
Land and improvements	13,215			-	13,215
Furniture and equipment	396,558	13,860	57,578	(30,092)	437,904
Equipment under capital lease	9,532	-	-	-	9,532
Leasehold improvements	10,784	541	-	-	11,325
Projects in progress [1]	77,073	(103,428)	102,362	-	76,007
Intangible asset - leases	8,552	-	-	-	8,552
	$ 1,513,709	$ -	$ 159,940	$ (32,444)	$ 1,641,205

	Accumulated Amortization (thousands of dollars)					
	Opening Balance April, 2004	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2005	Net Book Value 2005	Net Book Value 2004
Buildings	$ 338,388	$ 27,059	$ (394)	$ 365,053	$ 670,739	$ 623,266
Parking lots	24,291	1,539		25,830	23,048	12,050
Land and improvements	3,597	240	-	3,837	9,378	9,618
Furniture and equipment	287,749	77,159	(17,766)	347,142	90,762	108,809
Equipment under capital lease	9,532	-	-	9,532	-	
Leasehold improvements	5,070	793	-	5,863	5,462	5,714
Projects in progress [1]	-	-		-	76,007	77,073
Intangible asset - leases	148	1,772	-	1,920	6,632	8,404
	$ 668,775	$ 108,562	$ (18,160)	$ 759,177	$ 882,028	$ 844,934

[1] Projects in progress include the Alberta Heart Institute, North Treatment Centre, Royal Alexandra Hospital redevelopment, other major capital upgrades and information technology projects under development.

Note 5 Capital Assets (continued)

(a) Land

Land at the following sites has been leased to Capital Health at nominal values:

Site	Leased From	Lease Period
Royal Alexandra Hospital	City of Edmonton	In negotiation
Glenrose Rehabilitation Hospital	Province of Alberta	Expires 2038
Mewburn Veterans Centre	Alberta Cancer Board	Expires 2008
Laurier Houses	Alberta Infrastructure	Expires 2056
McConnell Place North	City of Edmonton	Expires 2035
McConnell Place West	Alberta Infrastructure	Expires 2056

(b) Capital assets have been funded from the following sources:

	2005	2004
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 9)	$ 768,740	$ 721,458
Internally funded (investment in capital assets)	74,722	102,146
Financed through:		
Long term debt (Note 6)	26,666	8,432
Life lease deposits (Note 8)	13,744	14,492
Cash internally restricted for life lease	(1,275)	(1,025)
Other	(569)	(569)
	$ 882,028	$ 844,934

Note 6 Long term Debt

	2005	2004
	(thousands of dollars)	
Debentures	$ 26,666	$ 8,432
Less: current portion	807	378
Long-term portion	$ 25,859	$ 8,054

	Debentures
	(thousands of dollars)
Future principal payments	
For the year ending March 31	
2006	$ 807
2007	851
2008	896
2009	945
2010	996
thereafter	22,171
	$ 26,666

Debenture maturities and rates are as follows

	Maturity Date	Rate	Amount 2005	Amount 2004
			(thousands of dollars)	
Alberta Capital Finance Authority (1)	October 1, 2018	5.75%	$ 8,064	$ 8,432
Alberta Capital Finance Authority (2)	March 23, 2029	4.96%	18,602	-
			$ 26,666	$ 8,432

(1) The parkade at University of Alberta Hospital is pledged as collateral security.
(2) Capital Health Centre is pledged as collateral security.

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a(2).

	2005	2004
	(thousands of dollars)	
Amounts received		
Restricted Alberta Health and Wellness contributions	$ 90,295	$ 21,698
Restricted other government contributions	279,588	48,958
Interest on externally restricted contributions	310	271
Donations restricted for capital purposes	28,419	7,512
Other	12,614	4,256
	411,226	82,695
Transferred from deferred operating contributions	-	1,746
Transferred to unamortized external capital contributions (Note 9)	(118,749)	(67,599)
Change during the year	292,477	16,842
Balance at beginning of year	168,152	151,310
Balance at end of year	$ 460,629	$ 168,152

Balance at the end of the year is restricted for equipment, construction projects, facility upgrades and information technology projects.

Note 8 Life Lease Deposits

Funding for the Laurier House facilities, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayment deposit, for the right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the Life Lease Agreement.

Note 9 Unamortized External Capital Contributions

The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2005	2004
	(thousands of dollars)	
Balance at beginning of year	$ 721,458	$ 710,211
Add amounts transferred from deferred capital contributions (Note 7)	118,749	67,599
Less amounts recognized as revenue:		
Ancillary operations (Note 16)	(81)	(26)
Amortization of external capital contributions - equipment	(45,699)	(31,020)
Amortization of external capital contributions - buildings	(25,687)	(25,306)
Balance at end of year	$ 768,740	$ 721,458

Note 10 Accumulated Surplus (Deficit)

Capital Health's accumulated surplus (deficit) comprises the following:

	2005	2004
	(thousands of dollars)	
Unrestricted net assets	$ -	$ (43,000)
Internally restricted funds:		
Amounts appropriated for capital commitments and Information Systems projects	1,714	6,237
Debt repayment	807	378
Northern Alberta Clinical Trials Research Centre	1,807	2,340
Amounts appropriated for health innovation projects	1,333	-
Maintenance and other reserves for continuing care facilities	944	1,010
	6,605	9,965
Balance at end of year	$ 6,605	$ (33,035)

Note 11 Commitments

Capital Health is committed to operating lease payments in future years as follows:

For the year ending March 31,	(thousands of dollars)
2006	4,110
2007	3,131
2008	1,941
2009	696
2010	350
and thereafter	334
	$ 10,562

The leases expire at various dates from 2005 to 2021.

Capital Health has outstanding commitments for capital equipment purchases of $19,025,000, commitments for information technology projects of $1,732,000, and capital project commitments of $131,715,000.

Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Schedule 4). Capital Health has contracted for services in the year ending March 31, 2006 similar to those provided by these operators in 2005.

In the ordinary course of operations, various claims and lawsuits are brought against Capital Health. While it is not possible to estimate the ultimate liability with respect to the pending litigation, Capital Health believes there will be no material adverse effect on its financial position.

Note 12 Budget

	Approved Budget[1]	Adjustments[2]	Adjusted Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 1,861,807	$	$ 1,861,807
Other government contributions	36,385	-	36,385
Fees and charges	137,583		137,583
Ancillary operations, net	4,763		4,763
Research, education, investment and other income	80,631		80,631
Amortization of external capital contributions	55,000		55,000
	2,176,169	-	2,176,169
Expense			
Facility based inpatient acute services	641,443	(20,000)	621,443
Facility-based emergency and outpatient services	223,329	20,000	243,329
Facility-based continuing care services	216,148	(3,000)	213,148
Ambulance services	9,668		9,668
Community based care	73,266	(8,000)	65,266
Home care	66,247	-	66,247
Diagnostic and therapeutic services	411,654	8,000	419,654
Promotion, prevention and protection services	52,256	(1,000)	51,256
Research and education	83,426	4,000	87,426
Administration	53,323	3,000	56,323
Information technology	53,205	3,000	56,205
Support services	287,811	(6,000)	281,811
Amortization of facilities and improvements	30,393	-	30,393
	2,202,169	-	2,202,169
Excess of expense over revenue	$ (26,000)	$ -	$ (26,000)

(1) The Capital Health Board approved the budget on October 6, 2004.

(2) Adjustments to expense budget amounts represent reallocation between expense categories to more closely reflect classification of expenses in 2005.

Note 13 Alberta Health and Wellness Contributions

	2005	2004
	(thousands of dollars)	
Unrestricted funding	$ 1,766,478	$ 1,583,946
Transfers from deferred contributions (Schedule 3)	84,220	85,934
Alberta Health and Wellness payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	1,486	1,489
Capital debt retirement program	6,145	853
	$ 1,858,329	$ 1,672,222

Alberta Health and Wellness contributions include an unrestricted contribution of $42,910,000 to eliminate the Capital Health's accumulated deficit as at March 31, 2004. This contribution has been included in revenue in the current year.

Note 14 Other Government Contributions

	2005	2004
	(thousands of dollars)	
Alberta Infrastructure	$ 1,217	$ 596
Alberta Mental Health Board Forensic Psychiatry	18,165	17,039
Alberta Mental Health Board	721	1,718
School health initiatives	5,658	5,083
Federal government projects	178	11
Community Lottery Boards	30	28
AADAC smoking cessation	180	91
Fair value of rent less rent charges for non-acute care facilities used by Capital Health (Schedule 4)	10,149	10,326
Fair value of use of non-owned acute care facilities (Schedule 4)	335	346
Amortization of long-term care partnership deferred contribution (Note 4)	854	682
Other	1,009	964
	$ 38,496	$ 36,884

Note 15 Fees and Charges

	Inpatient/Resident		Outpatient	
	2005	2004	2005	2004
	(thousands of dollars)		(thousands of dollars)	
Acute Care				
Out-of-province	$ 50,977	$ 40,555	$ 5,221	$ 3,974
Out-of-country base amount	164	474	158	77
Out-of country surcharge	209	595	199	97
WCB standard charges	9,385	8,470	6,532	5,369
Federal	1,531	1,398	797	692
Uninsured medical services	504	539	179	58
Preferred accommodation	709	1,908	-	-
Continuing care standard ward	1,528	1,981	-	-
Continuing care semi-private	678	63	-	-
Continuing care private	627	7	-	-
	66,612	55,990	13,086	10,267
Continuing Care				
Continuing care standard ward	1,524	1,511	-	-
Continuing care semi-private	45,682	39,173	-	-
Continuing care private	26,186	24,531	-	-
Day programs	620	265	-	-
WCB standard charges	84	58	-	-
	74,096	65,538	-	-
Home Care				
Other	22	27	-	-
	22	27	-	-
Public Health				69
Other	2,323	2,739	77	-
Total	$ 143,053	$ 124,294	$ 13,163	$ 10,336
Inpatient/Resident	143,053	124,294		
Outpatient	13,163	10,336		
	$ 156,216	$ 134,630		

Note 16 Ancillary Operations

	2005				2004
	(thousands of dollars)				
	Non Patient Food Services Operations	Other Operations	Parking Operations	Total	Total
Revenue					
Revenue	$ 11,829	$ 22,625	$ 8,648	$ 43,102	$ 40,212
Amortization of external capital contributions	25	50	6	81	26
	11,854	22,675	8,654	43,183	40,238
Expense					
Other expenses	10,480	21,273	3,551	35,304	32,925
Amortization of capital assets	26	50	1,545	1,621	9,519
	10,506	21,323	5,096	36,925	42,444
Excess of revenue over direct expense 2005	$ 1,348	$ 1,352	$ 3,558	$ 6,258	$ (2,206)
Excess (deficiency) of revenue over direct expense 2004	$ 186	$ 2,074	$ (4,466)	$ (2,206)	

Note 17 Research, Education, Investment and Other Income

	2005	2004
	(thousands of dollars)	
Investment income	$ 15,142	$ 15,798
Funds received for research and education purposes (Schedule 3)	40,946	34,787
Other contributions (Schedule 3)	16,539	18,265
Northern Alberta Clinical Trials Centre	981	208
Sales and recoveries	22,476	18,640
	$ 96,084	$ 87,698

Investment income comprises interest, dividends, amortization of discount and premiums, net gains and losses on disposal of investments and write-downs of investments to market value.

Note 18 Administration

	2005	2004
	(thousands of dollars)	
General administration	$ 15,866	$ 15,495
Human resources	12,668	11,218
Financial services	10,256	9,857
Insurance	3,863	3,196
Administration - contract operators (Schedule 4)	12,995	11,966
	$ 55,648	$ 51,732

Note 19 Support Services

	2005	2004
	(thousands of dollars)	
Building maintenance, operations, security and utility	$ 68,748	$ 66,349
Patient food services	29,282	28,147
Materials management	27,651	24,602
Housekeeping	24,070	24,695
Patient registration and health records	17,607	16,051
Clinical engineering	6,795	6,103
Communications	4,415	4,497
Education	2,545	2,515
Patient transportation	873	665
Other services	2,126	1,507
Support services - contract operators (Schedule 4)	99,003	87,183
	$ 283,115	$ 262,314

Note 20 Related Parties

(a) Provincial Government

Capital Health is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the Board members. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between Capital Health and the Province are disclosed in the Consolidated Statement of Operations, Schedule 3, and notes 7, 13 and 14 to the consolidated financial statements.

(b) Health Authorities

Capital Health shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between Capital Health and other Health Authorities are reported in the consolidated financial statements.

(c) Foundations

Capital Health has an economic interest in the following foundations:

	Contributions Received (1)		Resources Held by Foundations 2005		
	2005	2004	Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
University Hospital Foundation	$ 5,434	$ 4,920	$ 28,060	$ 6,713	$ 5,372
Royal Alexandra Hospital Foundation	1,376	1,993	6,622	1,271	817
Stollery Children's Hospital Foundation	4,228	2,508	1,578	4,642	481
Capital Care Foundation	400	835	799	1,495	158
Black Gold Health Foundation	135	244	192	81	-
Glenrose Foundation	365	1,304	1,223	184	1,087
Sturgeon Community Hospital Foundation	253	358	158	277	667
Council of Foundations	60	355	-	689	-
Alberta Hospital Edmonton Foundation			22	253	24
Tri Community Health & Wellness Foundation (Stony Plain)	3	221	33	29	45
Devon Hospital Foundation	-	-	1		224
	$ 12,254	$ 12,638	$ 38,688	$ 15,636	$ 8,875

(1) Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 20 Related Parties (continued)

(c) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2005	2004	2005	2004
		(thousands of dollars)		
University Hospital Foundation	$ -	$ -	$ -	$ (412)
Royal Alexandra Hospital Foundation	-	-	140	-
Stollery Children's Hospital Foundation	-	-	3,280	(1,614)
Capital Care Foundation	129	144	-	-
Black Gold Health Foundation	-	15	-	(20)
Glenrose Foundation	150	150	416	-
Sturgeon Community Hospital Foundation	-	-	11	(13)
Council of Foundations	-	7	-	-
Alberta Hospital Edmonton Foundation			-	
Tri Community Health & Wellness Foundation (Stony Plain)	-	-	-	(23)
Devon Hospital Foundation	-	-	(1)	(5)
	$ 279	$ 316	$ 3,846	$ (2,087)

(d) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations 2005		
	2005	2004	Endowments & Externally Restricted	Internally Restricted	Unrestricted
		(thousands of dollars)			
The Friends of University Hospital	$ 210	$ 210	$ 100	$ -	$ 551
Royal Alexandra Hospital Women's Auxiliary		100			-
Sturgeon Healthcare Auxiliary Volunteer Association	210	80	-		
Glenrose Rehabilitation Hospital Women's Auxiliary					
Stony Plain and District Health Centre Auxiliary		8			
	$ 420	$ 398	$ 100	$ -	$ 551

Note 21 Province Wide Services

Included in Alberta Health and Wellness contributions is funding to provide a specific range of complex, high technology, high cost services (classified as Province Wide Services). These services are only provided at Capital Health region and Calgary Health region and are available to all Albertans. Amounts included in expenses for Capital Health for Province Wide Services are as follows:

	2005 Costs [1]	2004 Costs [1]
	(thousands of dollars)	
Inpatients [2]	$ 137,749	$ 123,971
Clinics and home services [3]	76,309	68,602
High cost drugs [4]	22,234	21,609
High cost devices [5]	6,402	4,581
	$ 242,694	$ 218,763

[1] Costs for inpatients, and clinics and home services include direct costs, allocation of overhead and amortization of equipment. Cost for out-of-province patients are excluded.

[2] Inpatient services consists of organ and bone marrow transplants, most heart surgeries, high end trauma and burn cases, selected neurosurgery procedures, neonatology and selected oncology procedures. Inpatient costs were based on the costing methodology adopted by Alberta Health and Wellness Costing Partnership Project. They are the average case cost for in-province cases for the year. Patient activity is based on patient discharge date.

[3] Clinics and home services represent actual costs for programs such as renal and peritoneal dialysis services, dialysis prevention program, pre and post transplant services, islet cell transplantation, home enteral nutrition therapy, medical genetic testing, craniofacial osseointergration and maxillofacial prosthetic rehabilitation unit visudyne therapy, pediatric transport, HIV Clinic, 1-800-AIDS Hotline and STD/TB clinics.

[4] High cost drugs represent actual costs for transplantation drugs, HIV drugs, human growth hormone and other pre-established high cost drugs dispensed to Alberta patients. Drug distribution costs are included.

[5] High cost devices represent actual device costs for implantable cardiac defibrillators, cranioplasties and cochlear implants.

Note 22 Surgical Services Contracts

Capital Health has entered into contracts with accredited surgical facilities pursuant to the *Health Care Protection Act* to provide health services. Information on the facilities, contract values and payments is as follows:

Entity	Service	Term of Contract Start Date	Term of Contract End Date	Total Value of Contract	Total Expense 2005	Total Expense 2004
				(thousands of dollars)		
Barry Lycka	Dermatology	1-Apr-04	31-Mar-05	$ 43	$ 41	$ 43
Don Groot Professional Corporation	Dermatology	1-Apr-04	31-Mar-05	236	236	220
Alberta Eye Institute, inc	Ophthalmology	1-Apr-04	31-Mar-05	251	233	214
Buaki Eye Centre and Surgical Suite	Ophthalmology	1-Apr-04	31-Mar-05	8	5	6
Coronation Day Surgery Centre	Ophthalmology	1-Apr-04	31-Mar-05	18	18	35
David R. Climenhaga Professional Corporation	Ophthalmology	1-Apr-04	31-Mar-05	233	232	231
Dr. Carle (R. Allison Ames)	Ophthalmology	1-Apr-04	31-Mar-05	28	28	32
Gimbel Eye Centre - Edmonton, Inc	Ophthalmology	1-Apr-04	31-Mar-05	203	203	203
Royce L.C. Johnson Professional Corporation	Ophthalmology	1-Apr-04	31-Mar-05	112	112	107
Darrell Andrew Paul Gelaas Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	91	75	104
E. Christopher Robinson Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	62	53	48
E. Wayne Tutin Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	46	44	49
Kevin E. Long Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	109	109	114
Randall W. Kryzyz Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	55	34	23
Surampov Lalli	Oral Surgery	1-Apr-04	31-Mar-05	18		
Terence K. Varkka Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	33	25	23
Thomas R. Stevenson Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	44	54	54
Walter Dobrovolsky Professional Corporation	Oral Surgery	1-Apr-04	31-Mar-05	108	109	103
Coronation Day Surgery Centre	Otolaryngology	1-Apr-04	31-Mar-05	133	112	83
Coronation Day Surgery Centre	Plastic Surgery	1-Apr-04	31-Mar-05	11	6	9
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	1-Apr-04	31-Mar-05	258	257	260
Dava 91 Limited - Morgentaler Clinic	Reproductive Health	1-Apr-04	31-Mar-05	1,322	1,322	1,326
				$ 3,456	$ 3,332	$ 3,279

Note 23 Trust Funds

Capital Health receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received $23,424,000 (2004 $3,368,000) and disbursed $9,451,000 (2004 $3,321,000) for capital and facility repairs for non owned facilities. The balance of funds held by Capital Health is $17,600,000 (2004 $3,627,000).

During the year Capital Health received from Alberta Health and Wellness $6,555,000 for Management of Obstetrical Risk (MORE), $1,433,000 for Genotyping for Hepatitis C Virus, $1,280,000 for Provincial Perinatal Health Program under a Tripartite Partnership, $425,000 for Provincial Laboratory Pre-Natal HIV Hepatitis B, rubella, vericella and syphilis funding, and $150,000 for Complex Invasive Therapies.

The balance of funds held by Capital Health for these projects at the end of 2004/05, including interest where applicable, was $5,866,000 for Management of Obstetrical Risk (MORE), $658,000 for Genotyping for Hepatitis C Virus, $642,000 for Provincial Perinatal Health Program under a Tripartite Partnership, and $1,000 for Complex Invasive Therapies. There was a balance of $25,000 for Western Canadian Cardiac Heart Network.

The entire finding for Provincial Laboratory Pre-Natal HIV Hepatitis B, rubella, vericella and syphilis funding has been expended.

Note 24 Pension Costs

Capital Health participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health's annual contributions payable. In the current fiscal year employer contribution rates were increased from 6.6% to 7.4% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and from 8.5% to 10.1% for earnings above YMPE. The LAPP Board of Trustees cautions that depending on LAPP's return on investments over the next few years and other factors such as interest rates, retirement rates and other demographic cost changes, further rate increases could be necessary. At December 31, 2004 LAPP reported a deficit of $1,288,924,000 (2003 deficit of $1,410,987,000).

Capital Health has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan is secured by a letter of credit from a financial institution. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation. The actuarial valuation assumed a discount rate of 5.9% per annum (2004 - 6.2%). Accrued benefit liability $3,682,000 (2004 - $2,704,000) on supplementary defined benefit plan is equal to the accrued benefit obligation and included in benefits payable under current liability.

Note 24 Pension Costs (continued)

Pension plan expense comprises the following:

	2005	2004
	(thousands of dollars)	
Local Authorities Pension Plan	$ 43,837	$ 40,087
Supplementary defined benefit plan	477	410
	$ 44,314	$ 40,497

Note 25 Comparative Figures

Certain March 31, 2004 figures on the Consolidated Statements have been restated to conform to the current year's presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Capital Health Board.

Schedule 1

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
Salaries and benefits (Schedule 2)	$ 1,028,004	$ 1,030,733	$ 974,170
Contracts with health service operators (Schedule 4)	593,500	595,023	541,487
Medical, consulting and other professional services	124,823	125,190	116,974
Medical and surgical supplies	90,200	89,875	84,197
Drugs and gases	73,800	74,052	66,155
Contracts under the Health Care Protection Act (Note 22)	3,550	3,332	3,270
Interest on long term debt	682	1,340	497
Other[1]	211,789	213,018	182,377
Amortization:			
Capital equipment - internally funded	26,000	37,988	27,699
Capital equipment - externally funded	38,277	39,171	31,978
Facilities and improvements	31,723	31,403	34,489
Net loss on disposal of capital assets	14,000	14,284	5,784
	2,236,348	2,255,409	2,069,077
Less amounts reported in ancillary operations (Note 16)	(34,179)	(36,925)	(42,444)
	$ 2,202,169	$ 2,218,484	$ 2,026,633

[1] Significant amounts under "Other" include

	2005	2004
Office, general supplies and miscellaneous	$ 46,327	$ 40,929
Diagnostic and therapeutic supplies	23,585	22,262
Plant operations	30,566	29,484
Referred-out services	13,001	12,662
Equipment maintenance	15,740	14,831
Food supplies	17,066	16,587
Equipment (minor, construction, rental, and building/ground maintenance)	24,602	14,714
Transportation	12,575	12,766

Schedule 2

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005							2004			
					Severance						
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals [1]	Salaries, Benefits, Honoraria [2][3]	Severance	Total
Board Compensation											
Chairperson											
Wilkinson, Neil	1	$ 69	-	$ 69	-	-	$ 69	1	$ 82	-	$ 82
Board Members											
Members at March 31, 2005											
Bell, Dean	1	-	-	-	-	-	-	1	4	-	4
Blumenthal, Leonard	1	23	-	23	-	-	23	1	20	-	20
Burch, Bill	1	11	-	11	-	-	11	1	14	-	14
Butti, Olivia	1	19	-	19	-	-	19	1	16	-	16
Crevolin, Pierre	1	2	-	2	-	-	2	-	-	-	-
Dennett, Jack	1	9	-	9	-	-	9	1	11	-	11
Goss, Doug	1	3	-	3	-	-	3	-	-	-	-
Kinsella, Wendy	1	13	-	13	-	-	13	1	13	-	13
Plain, Margaret	1	15	-	15	-	-	15	1	14	-	14
Polowick, Karen M	1	18	-	18	-	-	18	1	17	-	17
Ramsey, John C	1	6	-	6	-	-	6	1	7	-	7
Sewell, George	1	7	-	7	-	-	7	1	10		10
Wade, Margaret	1	13	-	13	-	-	13	1	10		10
Warring, Molly	1	16	-	16	-	-	16	1	15	-	15
Total honoraria	15	$ 224	-	$ 224	-	-	$ 224	13	$ 233	-	$ 233

Schedule 2 (continued)

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	2005							2004			
					Severance						
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals [1]	Salaries, Benefits, Honoraria [2][3]	Severance	Total
Staff											
Chief Executive Officer	1.00	$ 521	$ 17	$ 538	-	-	$ 538	1.00	$ 457	-	$ 457
Management persons reporting to the CEO											
Vice Presidents, Operating Officers and Others											
Senior Vice President	-	-	-	-	-	-	-	1.00	302	-	302
Senior Vice President Facilities Planning & Construction	1.00	304	17	321	-	-	321	-	-	-	-
Senior Vice President Health Services	0.25	63	4	67	-	-	67	-	-	-	-
Academic Affairs	1.00	199	-	199	-	-	199	1.00	176	-	176
Chief Liaison Officer	1.00	147	16	163	-	-	163	1.00	156	-	156
Chief Planning Officer	1.00	175	17	192	-	-	192	1.00	180	-	180
Community Care, Rehab & Mental Health	1.00	190	16	206	-	-	206	1.00	191	-	191
Finance & Administration	1.00	317	18	335	-	-	335	1.00	316	-	316
Government Relations	1.00	136	17	153	-	-	153	1.00	124	-	124
Human Resources	1.00	233	18	251	-	-	251	1.00	236	-	236
Medical Affairs	1.00	357	17	374	-	-	374	1.00	353	-	353
Public Affairs	1.00	183	17	200	-	-	200	1.00	189	-	189
Regional Support Services & Community Hospitals	1.00	207	17	224	-	-	224	1.00	210	-	210
Royal Alexandra Hospital/Diagnostic & Equipment Services	1.00	216	16	232	-	-	232	1.00	226	-	226
Stollery & University of Alberta Hospital	1.00	228	20	248	-	-	248	1.00	240	-	240

Schedule 2 (continued)

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005							2004			
					Severance						
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals [1]	Salaries, Benefits, Honoraria [2][3]	Severance	Total
Other management person(s) reporting to those above (avg. 2005 $120 , avg. 2004 $112) (excluding severance)	97	$ 10,160	$ 1,497	$ 11,657	3	$ 119	$ 11,776	106	$ 11,873	$ 319	$ 12,192
Other management person(s) reporting to those above (avg. 2005 $88 , avg. 2004 $85) (excluding severance)	715	54,139	9,082	63,221	11	283	63,504	658	55,662	354	56,016
Medical doctors not included above (avg. 2005 $183 , avg. 2004 $179) (excluding severance)	32	5,366	483	5,849	-	-	5,849	31	5,546	-	5,546
Regulated nurses not included above											
-RNs, Reg. Psych. Nurses, Grad Nurses (avg. 2005 $86 , avg. 2004 $86) (excluding severance)	4,562	334,635	57,450	392,085	3	88	392,173	4,404	380,724	30	380,754
- LPNs (avg. 2005 $53 , avg. 2004 $50) (excluding severance)	766	34,655	6,077	40,732	1	29	40,761	749	37,588	-	37,588
Other health technical and professionals (avg. 2005 $81 , avg. 2004 $75) (excluding severance)	2,340	158,872	30,436	189,308	10	220	189,528	2,359	176,828	260	177,088
Unregulated health service providers (avg. 2005 $43 , avg. 2004 $41) (excluding severance)	1,271	46,666	8,617	55,283	1	9	55,292	1,251	51,049	-	51,049
Other frontline staff (avg. 2005 $48 , avg. 2004 $45) (excluding severance)	5,529	226,252	40,620	266,872	26	574	267,446	5,507	249,484	454	249,938
Other Adjustments (Note 6)	-	-	477	477	-	-	477	-	410	-	410
Capital Health Total	15,341.25	$ 874,445	$ 154,966	$ 1,029,411	55	$ 1,322	$ 1,030,733	15,092	$ 972,753	$ 1,417	$ 974,170
Caritas Health Group Total	3,055.00										
Total Capital Health and Caritas Health Group	18,396.25										

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

1. Full time equivalent (FTE) is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,022.75 hours, except for named individuals.

   Total actual discrete number of individuals employed were 26,445 (2004 26,121)

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-ferm disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances, and tuition. The President & CEO is also provided with an automobile allowance.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The average salary and benefits amounts exclude severance payments.

6. Other adjustments include non cash increases in pension accruals. No cash payment has been made to any named staff during the year. These non-cash adjustments relate to accrued supplementary pension benefit obligation and consists of the following:

a) The Current Year Costs of the plan were:

	2005 Service Costs	2004 Service Costs
President & Chief Executive Officer	$ 58	$ 40
Senior Vice President Facilities Planning & Construction	36	26
Senior Vice President Health Services	19	12
Chief Planning Officer	10	7
Community Care, Rehab & Mental Health	14	-
Finance & Administration	31	16
Government Relations	-	-
Human Resources	-	-
Public Affairs	12	8
Regional Support Services & Community Hospitals	16	12
Royal Alexandra Hospital/Diagnostic & Equipment Services	19	15
	$ 215	$ 136

b) The annual amortized cost of the prior service liability and interest costs amounted to.

	2005		2004	
	Prior Service Costs	Interest Costs	Prior Service Costs	Interest Costs
President & Chief Executive Officer	$ 28	$ 60	$ 57	$ 42
Senior Vice President Facilities Planning & Construction	14	31	19	22
Senior Vice President Health Services	5	8	7	6
Chief Planning Officer	6	9	8	6
Community Care, Rehab & Mental Health	2	3	5	2
Finance & Administration	7	17	19	12
Government Relations	5	-	-	
Human Resources	8	11	13	8
Public Affairs	3	5	3	4
Regional Support Services & Community Hospitals	5	15	9	11
Royal Alexandra Hospital/Diagnostic & Equipment Services	3	17	9	12
	$ 86	$ 176	$ 149	$ 125

Schedule 3

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF DEFERRED OPERATING CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	Opening Balance April 1, 2004	Amounts received or receivable					Amounts recognized as revenue					Transfers between projects	Closing Balance March 31, 2005
		Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness (Note 13)	Other government contributions	Foundations	Donors	Investments and other		
Alberta Health and Wellness :													
Unrestricted	$ -	$ 1,766,478	$ -	$ -	$ -	$ -	$ 1,766,478	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	28,802	121,809	-	-	-	-	84,220	-	-	-	-	-	66,391
Direct Alberta health and Wellness funding to related parties	-	7,631	-	-	-	-	7,631	-	-	-	-	-	-
Sub-total	28,802	1,895,918	-	-	-	-	1,858,329	-	-	-	-	-	66,391
Other contributors:													
Other government contributions	2,712	-	24,273	-	-	-	-	24,932	-	-	-	-	2,053
Research & Education	44,306	-	-	88	21	38,590	-	-	4	4	40,938	-	42,059
Other contributions	8,315	-	-	39	3	17,559	-	-	94	41	16,404	-	9,377
Total 2004/05	$ 84,135	$ 1,895,918	$ 24,273	$ 127	$ 24	$ 56,149	$ 1,858,329	$ 24,932	$ 98	$ 45	$ 57,342	$ -	$ 119,880

	2005	2004
Unspent amounts at year end are as follows		
Current	$ 119,880	$ 84,135
Non-current	3,180	3,054
	$ 123,060	$ 87,189

Schedule 4

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDED MARCH 31, 2005

(thousands of dollars)

Voluntary and private facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community based care	Home care	Diagnostic and therapeutic services	Promotion, prevention and protection services	Research and education	Administration	Support services	Total Expenditures
Allen Gray Auxiliary Hospital	$ 6,010	$ -	$ 2,346	$ -	$ 8,356	$ -	$ -	$ 5,460	$ -	$ -	$ 550	$ -	$ -	$ 159	$ 2,187	$ 8,356
Caritas Health Group	228,848	-	15,488	10,149	254,485	103,197	30,974	13,535	-	-	42,869	222	2,945	9,484	51,259	254,485
China Town	1,854	-	709	-	2,563	-	-	1,729	-	-	114	-	-	50	670	2,563
Central Park Lodges	10,446	184	3,887	-	14,517	-	-	9,292	-	-	1,255	-	-	282	3,688	14,517
Extendicare Canada Inc	9,424	-	4,186	-	13,610	-	-	8,240	-	-	1,184	-	-	265	3,921	13,610
Good Samaritan Society	37,446	297	12,442	-	50,185	-	-	29,789	3,703	-	4,251	-	-	975	11,467	50,185
Hardisty Nursing Home	5,538	-	2,694	-	8,232	-	-	5,013	-	-	525	-	-	160	2,534	8,232
Qualicare Health Services Corp	8,794	642	3,683	-	13,119	-	-	8,295	-	-	1,141	-	-	255	3,428	13,119
Salem Manor	3,543	53	1,652	-	5,248	-	-	3,269	-	-	327	-	-	102	1,550	5,248
Shepherd's Care Foundation	7,204	3,864	2,955	-	14,023	-	-	9,026	-	-	1,074	-	-	273	3,650	14,023
Sherwood Park Care Centre	3,653	-	1,565	-	5,218	-	-	3,229	-	-	424	-	-	101	1,464	5,218
St. Joseph's Auxiliary Hospital	9,693	-	3,216	-	12,909	-	-	8,422	274	-	952	-	-	251	3,010	12,909
St. Michael's Long Term Care Centre	6,226	2,282	2,419	-	10,927	-	-	7,146	-	-	951	-	-	212	2,618	10,927
Summit Care Corp. Ltd./Devonshire Care Centre	5,389	-	2,102	-	7,491	-	-	4,752	-	-	637	-	-	146	1,956	7,491
Venta Nursing Home	3,855	244	1,609	-	5,708	-	-	3,352	-	-	389	-	-	111	1,856	5,708
Youville Nursing Home	6,130	65	2,481	-	8,676	-	-	5,440	-	-	755	-	-	169	2,312	8,676
Association of Adult Day Support	148	-	78	141	367	-	-	-	289	-	-	-	-	-	78	367
Victoria Order of Nurses	178	-	57	3	238	-	-	-	180	-	-	-	-	-	58	238
Other DAL Providers	4,060	-	298	191	4,549	-	-	2,942	-	-	310	-	-	-	1,297	4,549
Personal care homes	9,157	-	-	-	9,157	-	-	-	-	9,157	-	-	-	-	-	9,157
Homecare providers	41,597	-	-	-	41,597	-	-	-	-	41,597	-	-	-	-	-	41,597
Physiotherapy providers	9,304	-	-	-	9,304	-	-	-	-	-	9,304	-	-	-	-	9,304
Mental health providers	503	-	-	-	503	-	-	-	503	-	-	-	-	-	-	503
Non hospital surgical facilities	5,128	-	-	-	5,128	-	5,128	-	-	-	-	-	-	-	-	5,128
Other	88,913	-	-	-	88,913	-	-	-	-	12,690	76,223	-	-	-	-	88,913
Total 2004/05	$ 513,041	$ 7,631	$ 63,867	$ 10,484	$ 595,023	$ 103,197	$ 36,102	$ 128,931	$ 4,949	$ 63,444	$ 143,235	$ 222	$ 2,945	$ 12,995	$ 99,003	$ 595,023
Total 2003/04	$ 472,225	$ 2,342	$ 56,248	$ 10,672	$ 541,487	$ 93,678	$ 33,302	$ 115,447	$ 66,590	$ -	$ 130,836	$ 229	$ 2,256	$ 11,966	$ 87,183	$ 541,487

Schedule 5

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR COMBINED EXPENSES OF CAPITAL HEALTH AND CARITAS HEALTH GROUP
FOR YEAR ENDED MARCH 31, 2005

	2005			2004		
	Activity Measure	Average Cost	Total Cost (thousands of dollars)	Activity Measure	Average Cost	Total Cost (thousands of dollars)
Acute Care						
Inpatient	Cases			Cases		
Cardiac Sciences	7,180	$ 12,611	90,544	6,955	$ 12,676	88,163
Child Health	10,834	11,356	123,036	11,129	9,738	108,375
Family Health	8,876	6,443	57,190	8,551	5,849	50,017
Geriatrics	1,042	27,650	28,811	1,044	23,312	24,338
Medicine	13,050	11,473	149,725	13,080	10,521	137,610
Mental Health	3,597	10,461	37,627	3,434	10,239	35,160
Neurosciences	3,256	13,664	44,490	3,044	13,587	41,358
Ophthalmology	1,517	2,311	3,506	1,465	2,162	3,167
Palliative	375	17,029	6,386	325	15,874	5,159
Rehabilitation	965	27,714	26,744	1,021	22,597	23,072
Renal	615	16,823	10,346	575	14,144	8,133
Surgery	27,822	8,053	224,028	27,008	7,327	197,889
Transplants	245	86,824	21,272	232	59,491	13,802
Women's Health	31,048	2,194	68,134	30,731	1,982	60,899
Alberta Hospital Edmonton	1,172	56,854	66,633	1,237	52,478	64,915
Other	62	5,048	313	76	3,000	228
Inpatient cases (Note b(i))	**111,656**	**$ 8,587**	**$ 958,795**	**109,907**	**$ 7,846**	**$ 862,285**
	Days			Days		
Cost per patient day	917,714	1,045	**958,795**	893,598	965	**862,285**
Outpatient services	Visits			Visits		
Emergency	352,926	$ 269	94,946	360,663	$ 256	92,231
Day procedures	81,685	1,016	82,962	79,934	880	70,369
Clinic visits	1,692,079	150	254,610	1,537,142	147	226,193
Alberta Hospital Edmonton	n/a		17,991	n/a		16,266
Other						
Home peritoneal dialysis supplies (therapy days)	50,585	60	3,060	49,692	59	2,953
Pediatric transport (trips)	209	4,469	934	170	4,812	818
Telehealth (participants)	30,866	25	782	29,066	23	673
Total outpatient services			**$ 455,285**			**$ 409,503**
Total inpatient and outpatient acute care expenses			**$ 1,414,080**			**$ 1,271,788**
Other acute care expenses (Note b(ii))						
Outpatient drugs			23,211			22,739
Provincial Laboratory			19,465			19,166
Other costs (organ retrieval costs, neuromodulation brain injury services, etc.)			15,780			14,290
Work in progress (Note b(iii))			6,794			3,379
Total acute care expenses			**$ 1,479,330**			**$ 1,331,362**

Schedule 5 (continued)

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR COMBINED EXPENSES OF CAPITAL HEALTH AND CARITAS HEALTH GROUP
FOR YEAR ENDED MARCH 31, 2005

	2005			2004		
	Activity Measure	Average Cost	Total Cost (thousands of dollars)	Activity Measure	Average Cost	Total Cost (thousands of dollars)
Community Health and Continuing Care (Note b(iv))						
Community Rehabilitation	Visits			Visits		
Physiotherapy	256,606	$ 35	$ 8,925	253,364	$ 36	$ 9,207
Speech and language pathology	122,447	71	8,718	157,562	55	8,743
Other services (aides to daily living, contract services, etc.)	-	-	4,488	-	-	4,665
Total Community Rehabilitation			**$ 22,131**			**$ 22,615**
	Hours			Hours		
Home care	2,803,305	$ 33	**$ 92,502**	2,789,397	$ 31	**$ 87,731**
Continuing Care Services	Client Days			Client Days		
Continuing care facilities	1,728,833	$ 179	$ 309,932	1,681,935	$ 171	$ 287,137
Day programs	175,255	70	12,348	170,544	71	12,113
Palliative care	20,599	349	7,197	20,597	336	6,922
Personal care homes/assisted living	304,235	79	24,112	266,880	77	20,496
Subacute care	52,236	257	13,406	48,585	259	12,577
Total continuing care services	2,281,158	$ 161	**$ 366,995**	2,188,541	$ 155	**$ 339,245**
	Visits			Visits		
Prevention, protection, promotion and other related services						
Birth control	8,534	$ 94	$ 798	8,545	$ 95	$ 811
Health link (calls)	614,117	18	10,787	544,003	20	10,745
Healthy beginnings (cases)	59,264	104	6,179	59,259	108	6,400
Immunizations	357,222	38	13,397	316,297	32	10,022
Environmental health	98,086	61	5,965	84,155	66	5,552
Sexually transmitted diseases services	16,815	101	1,703	16,988	93	1,585
Traveller's clinic	19,823	118	2,333	15,817	97	1,539
TB Services	6,562	140	918	5,987	155	929
Preventative Dental Services	35,319	55	1,933	42,861	49	2,090
Total prevention, protection, promotion services			**$ 44,013**			**$ 39,673**
	Procedures			Procedures		
Community diagnostic services (procedures)	10,507,022	$ 6	64,830	9,979,947	$ 7	66,236
Community mental health services (visits)			21,059			19,550
Other prevention, protection, promotion and Community health services			23,935			21,815
Total community health and continuing care expenses			**$ 635,465**			**$ 596,865**

SUMMARY

	2005	2004
Total acute care expenses	$ 1,479,330	$ 1,331,362
Total community health and continuing care expenses	635,465	596,865
Research and education	85,775	78,633
Amortization of facilities and improvements	35,734	36,472
Total expenses	**$ 2,236,304**	**$ 2,043,332**
Consolidated Capital Health per statement of operations	$ 2,218,484	2,026,633
Caritas Health Group - additional expenses not reported in the consolidated statement of operations	17,820	16,699
	$ 2,236,304	**2,043,332**

CAPITAL HEALTH
NOTES TO THE CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS FOR COMBINED EXPENSES OF CAPITAL HEALTH AND CARITAS HEALTH GROUP
MARCH 31, 2005

Note a) Introduction

Capital Health has prepared Schedule 5 "Consolidated Schedule of Costs of Health Outputs" to classify the combined expenses of Capital Health and the Caritas Health Group by program and calculate an output unit cost where the expenses can be allocated to patient-specific activities. In meeting its responsibilities under the Regional Health Authorities Act, Capital Health contracts with the Caritas Health Group to provide certain acute care services. For this reason the information from the consolidated financial statements of Capital Health and the audited statements of the Caritas Health Group is included in this schedule. The information in the schedule was generated by Capital Health's costing system from its regional corporate database, in accordance with a methodology that meets the recommendations of Alberta Health & Wellness for patient-specific costing. Direct and indirect costs of all clinical services, including staffing, supplies and drugs, are allocated to specific patients based on utilization.

Certain March 31, 2004 figures have been reclassified to conform to the March 31, 2005 presentation.

In 2004, figures for Alberta Hospital Edmonton, Devon, Fort Saskatchewan, Redwater, and Westview community hospitals and health services were reported in total, because there were no comparative figures for the prior year (these services transferred to the Capital Health region April 1, 2003). In 2005, these services are reported throughout the Acute Care, Community Health, and Continuing Care categories, even though patient-specific costing has not yet been implemented. The 2004 figures are restated for comparability.

Capital Health plans to continue to expand the utilization of its costing system to be able to provide and allocate additional patient-specific costs in future years.

The information on costs of health outputs has been prepared as described in the following notes.

Note b) Basis of Presentation

(i) Patient Specific Acute Care Expenses

Inpatient Services comprise inpatient cases based on separations during the period (discharges and deaths).

Supplementary information is provided on the cost per day. Days represents the total days in the fiscal year for all patients receiving service during the year.

Outpatient Services costs are measured by outpatient visits during the periods.

Note b) Basis of Presentation (continued)

(i) Patient Specific Acute Care Expenses (continued)

Outpatient visits comprise persons who receive one or more services at a healthcare facility without being admitted as an inpatient. The number of visits consists of the number of patients that registered for emergency, day surgery or clinic visits during the year. Clinic visits counts are based on the Alberta Health & Wellness ambulatory care visit definition.

- Emergency - patients registered as emergency cases.
- Day procedures - patients attending distinct day surgery and day procedure locations.
- Clinic visits - all other outpatient, clinic, diagnostic and therapeutic services visits.
- Home Peritoneal Dialysis Supplies reflect supplies consumed in the home and are not associated with specific inpatient or outpatient cases in the costing system.
- Pediatric Transport is the pre-hospitalization transport of children by ground or air utilizing a specialized team of respiratory therapy, nursing and medical staff.
- Telehealth – technical and infrastructure costs are associated with comparative output measures on the number of clinical, educational, administrative and other participants at teleconference sessions. Clinical costs are included in Clinics.
- Average cost per case/visit includes costs that are directly associated with the provision of the services such as staffing, supplies and drugs as well as indirect and overhead costs but not amortization of the cost of physical facilities.

(ii) Other Acute Care Expenses

Other acute care expenses also include the following instances where costs are not associated with an inpatient case or outpatient hospital visit, or where patient-specific costing has not been implemented.

- Outpatient Drugs, includes high cost drugs consumed by patients, not associated with a specific inpatient or outpatient case (e.g. post-transplant, HIV), as well as related pharmacy expenses;
- Provincial Laboratory – services not associated with an inpatient or outpatient case such as environmental water testing.
- Other Costs include organ retrieval, neuromodulation supplies, external grants for brain injury services, and other non-allocated costs.

Schedule 5 (continued)

Note b) Basis of Presentation (continued)

(iii) Work in Progress

Work in Progress reflects the costs of services provided for inpatients not yet discharged. It includes inpatient case costs incurred in the prior year, to enable reconciliation to financial statements.

(iv) Community Health and Continuing Care – Activity Measures

Community Rehabilitation Visits reflect the number of contacts for physiotherapy, speech and language pathology, audiology and respiratory therapy assessment or intervention funded by the Capital Health and Caritas Health Group's community rehabilitation programs.

Home Care Services Hours reflect the number of hours of home care service provided by home care agencies, the operators of residences, Capital Health's professional staff, and staff hired by home care service recipients themselves (i.e. self-managed care).

Continuing Care Client Days reflects the number of days of service for continuing care recipients. For continuing care clients in personal care homes and continuing care facilities, including sub-acute and palliative care, client days usually represent 24-hour periods. For day programs where clients attend for a number of hours in a day, one client day is counted for each day, regardless of the number of hours of care.

Prevention, Protection, Promotion and Other Related Services Visits reflects contacts for specific community health services. For Birth Control, this represents the number of clinic visits for birth control counselling. For Health Link, this represents the number of telephone calls for health advice. For Healthy Beginnings, this represents the number of cases (families) receiving home visits and other services for the first few weeks following discharge from hospital. For Immunization, this represents the number of vaccinations or inoculations provided. For Environmental Health, this represents visits to premises for licensing, inspection and response to complaints. For STD Services, this represents visits to the specialized sexually transmitted diseases health service. For Traveller's Clinic this represents visits for advice and health services related to foreign travel. For TB Services, this represents contacts with the specialized tuberculosis team. For Preventative Dental, this represents visits for preventative dental education and treatment.

Community Diagnostic Services Procedures reflect clinical laboratory tests not associated with hospital inpatient or outpatient visits (e.g. laboratory tests ordered by community physicians).

Community Mental Health Programs reflects assessments, treatments and support services provided in the community.

Aspen Regional Health Authority

Financial Statements
March 31, 2005

ASPEN REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2005

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ASPEN REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP, to review financial matters, and recommends the financial statements to the Aspen Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Robert B. Cable
President and Chief Executive Officer

Shelly Pusch
Vice President Corporate Services

PRICEWATERHOUSECOOPERS

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June 15, 2005

Auditors' Report

To the Members of
Aspen Regional Health Authority and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Aspen Regional Health Authority (the "Authority") as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2005
(in thousands)

	2005 Actual	2004 Actual
ASSETS		
Current		
Cash and investments (Note 3)	50,582	23,477
Accounts receivable	4,317	5,853
Contributions receivable from Alberta Health and Wellness	3,774	2,115
Inventories	1,452	1,489
Prepaid expenses	1,399	864
	61,524	33,798
Non-current cash and investments (Note 3)	17,774	14,450
Capital assets (Note 4)	128,304	127,971
Other assets (Note 5)	2,547	2,629
TOTAL ASSETS	$ 210,149	$ 178,848
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	19,848	16,912
Accrued vacation pay	9,369	8,463
Deferred contributions (Schedule 3)	9,274	7,272
	38,491	32,647
Deferred contributions (Schedule 3)	2,547	2,629
Deferred capital contributions (Note 6)	28,867	5,599
Unamortized external capital contributions (Note 7)	118,694	117,153
	188,599	158,028
Net assets		
Accumulated surplus (Note 8)	11,940	10,002
Investment in capital assets (Note 4)	9,610	10,818
	21,550	20,820
TOTAL LIABILITIES AND NET ASSETS	$ 210,149	$ 178,848

The accompanying notes and schedules are part of these financial statements.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2005
(in thousands)

	2005		2004
	Budget (Note 10)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 11)	190,316	190,316	174,584
Other government contributions (Note 12)	2,222	2,347	2,431
Fees and charges (Note 13)	19,734	20,556	17,521
Ancillary operations, net (Note 14)	196	303	191
Donations	400	368	262
Investment and other income (Note 15)	5,392	6,441	5,054
Amortized external capital contributions (Note 7)	8,018	7,818	7,273
TOTAL REVENUE	226,278	228,159	208,217
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	32,926	34,038	31,443
Facility-based emergency and outpatient services	20,631	18,935	17,276
Facility-based continuing care services	30,893	29,730	28,265
Community-based care	11,993	12,028	11,111
Home care	12,546	12,372	11,175
Diagnostic and therapeutic services	41,035	41,144	36,122
Promotion, prevention and protection services	10,034	9,463	8,421
Administration (Note 16)	8,946	8,779	8,279
Information technology	2,843	3,864	1,903
Support services (Note 17)	49,706	51,869	49,080
Amortization of facilities and improvements	5,190	5,207	5,239
TOTAL EXPENSES	226,749	227,429	208,314
Excess (deficiency) of revenue over expense	$ (471)	$ 730	$ (97)

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2005
(in thousands)

	2005			2004
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenue over expense	730	-	730	(97)
Capital assets purchased with internal funds	(706)	706	-	-
Amortization on internally funded capital assets	1,914	(1,914)	-	-
Net change	$ 1,938	$ (1,208)	$ 730	$ (97)
Balance at beginning of year	10,002	10,818	20,820	20,917
Balance at end of year	$ 11,940	$ 9,610	$ 21,550	$ 20,820

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
March 31, 2005
(in thousands)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities			
Excess (deficiency) of revenue over expense	(471)	730	(97)
Non-cash transactions:			
Amortization of capital equipment			
- internally funded	1,947	1,787	1,894
- externally funded	2,939	2,686	2,147
- ancillary operations	43	4	4
Amortization of facilities and improvements			
- internally funded	163	100	98
- externally funded	5,026	5,127	5,126
- ancillary operations	68	27	32
Amortized external capital contributions (Note 7)	(8,018)	(7,818)	(7,273)
- ancillary operations (Note 7)	(111)	(31)	(36)
Amortization of advances under long term care partnerships	83	82	83
Amortized long term care partnership contributions	(83)	(82)	(83)
Loss on disposal of capital equipment			
- internally funded	-	28	13
- externally funded		4	-
Gain on disposal of investments		(1,041)	(755)
Transferred to deferred contributions		1,708	1,444
Changes in non-cash working capital account	(1,713)	5,223	4,138
Cash generated from (used) by operations	(127)	8,534	6,735
Investing activities			
Purchase of investments	(20,000)	(52,074)	(22,770)
Purchase of capital assets			
- internally funded equipment	(500)	(388)	(2,041)
- internally funded facilities & improvements	-	(318)	(250)
- externally funded equipment (Note 7)	(2,140)	(3,471)	(2,994)
- externally funded facilities & improvements (Note 7)	(1,307)	(5,919)	(2,613)
Proceeds on sale of investments	20,000	50,426	23,342
Proceeds on sale of capital assets	-		219
Allocations (to) non-current cash	-	(635)	(2,397)
Cash used by investing activities	(3,947)	(12,379)	(9,504)
Financing activities			
Capital contributions received	2,780	30,950	9,131
Cash generated from financing activities	2,780	30,950	9,131
Increase (decrease) in cash and investments	(1,294)	27,105	6,362
Cash and investments, beginning of year	23,477	23,477	17,115
Cash and investments, end of year	$ 22,183	$ 50,582	$ 23,477

ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005
(in thousands)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Athabasca Healthcare Centre
Barrhead Healthcare Centre
Boyle Healthcare Centre
Cold Lake Health Centre
Dr W.R. Keir Care Centre
Edson and District Health Care Centre
Elk Point Health Centre
George McDougall Memorial Health Centre
Glendon Community Clinic
Hinton General Hospital
J.P. Decosse Auxiliary
Mayerthorpe Healthcare Centre
Our Lady's Community Clinic
Radway Continuing Care Centre
Seton Hospital - Jasper
Slave Lake Health Complex
Smoky Lake Nursing Home
St. Therese Health Centre
Swan Hills Healthcare Centre
Wabasca Desmarais General Hospital
Westlock Healthcare Centre
Westlock Long Term Care Centre
Whitecourt Healthcare Centre
William J. Cadzow Health Centre
Aspen Community Services Sites
Aspen Mental Health Sites
Aspen Corporate and Administrative Offices

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Notes 9, 18(d) and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 24 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts and contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	8-20 years
Buildings	15-45 years
Building service equipment	10-20 years
Equipment	3-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2005	2004
Cash	51,752	22,995
Treasury bills	378	95
Money market securities	450	-
Bonds (market value $10,760)	10,618	10,296
Equities (market value $6,232)	5,158	4,541
Total current & non-current cash and investments	$ 68,356	$ 37,927
Classified as:		
Current	50,582	23,477
Non current	17,774	14,450
Total cash and investments	$ 68,356	$ 37,927

(i) Treasury bills mature on June 16, 2005 and bear interest at 2.46% paid annually.

(ii) Money market securities bear interest at 2.57% paid annually.

(iii) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.

(iv) Fixed-income securities, such as bonds, have an average effective yield of 6.75% per annum based on the market for securities maturing in a year, and 5.54% per annum for securities maturing between one and twenty-eight years. As at March 31, 2005, the securities have the following maturity structure:

	%
Under 1 year	1%
1 to 5 years	21%
5 to 10 years	41%
Over 10 years	37%

(v) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Non-current cash and investments represent the following:

Externally restricted for capital acquisitions	2,150	5,599
Internally restricted for capital acquisitions	8,485	8,486
Unrestricted non-current investments	7,139	365
	$ 17,774	$ 14,450

Note 4 Capital Assets

Cost

Capital Asset	Opening Balance April 1, 2004	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2005
Land	2,532	-	-	-	2,532
Land improvements	5,421	-	253	-	5,674
Buildings	191,260	1,179	-	-	192,439
Building service equipment	11,913	-	-	-	11,913
Equipment	54,289	-	3,858	(1,762)	56,385
Construction in progress	2,433	(1,179)	5,985	-	7,239
	$ 267,848	$ -	$ 10,096	$ (1,762)	$ 276,182

Accumulated Amortization

Capital Asset	Opening Balance April 1, 2004	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2005	Net Book Value 2005	Net Book Value 2004
Land	-	-	-	-	2,532	2,532
Land improvements	3,742	252	-	3,994	1,680	1,679
Buildings	87,396	4,745	-	92,141	100,298	103,864
Building service equipment	9,585	256	-	9,841	2,072	2,328
Equipment	39,154	4,477	(1,729)	41,902	14,483	15,135
Construction in progress	-	-	-	-	7,239	2,433
	$ 139,877	$ 9,730	$ (1,729)	$ 147,878	$ 128,304	$ 127,971

Capital assets were funded from the following sources:

	2005	2004
Externally funded	118,694	117,153
Internally funded	9,610	10,818
	$ 128,304	$ 127,971

Note 5 Other Assets

	2005	2004
Advances under long-term care partnership agreements	2,629	2,712
Amortized during the year	(82)	(83)
Balance, end of year	$ 2,547	$ 2,629

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Authority and private organizations by providing a one-time, up-front capital grant to the Authority. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Authority provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 40 years, which is equivalent to the term of the partnership agreement plus a renewable option period. The Authority does not accrue interest on the loan as the Authority will forgive the balance of the loan following the expiry of the term of the agreement.

Note 6 Deferred Capital Contributions

	2005	2004
Amounts received:		
Restricted Alberta Health and Wellness contributions	3,082	1,890
Restricted other government contributions	27,383	7,241
Restricted other health authority contributions	440	-
Donations restricted for capital purposes	45	-
	30,950	9,131
Transferred (to) from:		
Unamortized external capital contributions (Note 7)	(9,390)	(5,607)
Deferred contributions	1,708	1,445
Change during the year	23,268	4,969
Balance, beginning of year	5,599	630
Balance, end of year	$ 28,867	$ 5,599

Balance at the end of the year is restricted for the following purposes:

	2005	2004
Equipment replacement	-	360
Betterment of capital assets	4,933	407
New Construction	23,934	4,832
	$ 28,867	$ 5,599

Note 7 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2(a)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2005	2004
Balance, beginning of year	117,153	118,855
Transfers from deferred capital contributions (Note 6)	9,390	5,607
Less amounts recognized as revenue:		
Amortization of external capital contributions:		
Equipment	(2,686)	(2,147)
Facilities & improvements	(5,127)	(5,126)
Ancillary operations equipment	(4)	(4)
Ancillary operations facilities & improvements	(27)	(32)
Writedown of externally funded facilities and equipment	-	-
Writedown of externally funded equipment	(5)	-
	(7,849)	(7,309)
Balance, end of year	$ 118,694	$ 117,153

Note 8 Accumulated Surplus

The Authority's accumulated surplus comprises the following:

	2005	2004
Unrestricted net assets	3,455	1,516
Internally restricted net assets		
Future equipment replacement	8,485	8,486
	$ 11,940	$ 10,002

Note 9 Commitments and Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

The Authority is committed to operating lease payments in future years as follows:

2006	271
2007	51
2008	11
2009	11
2010 and thereafter	11
	$ 355

The leases expire at various dates from 2005 to 2012.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 18(d)). The Authority has contracted for services in the year ending March 31, 2006 similar to those provided by these operators in 2005.

Note 10 Budget

	2004-05 Approved Budget (1)	Additional Funding (2)	2004-05 Reported Budget
Revenue			
Alberta Health and Wellness contributions	189,101	1,215	190,316
Other government contributions	2,222		2,222
Fees and charges	19,734		19,734
Ancillary operations, net	196		196
Donations	400		400
Investment and other income	5,392		5,392
Amortized external capital contributions	8,018		8,018
TOTAL REVENUE	225,063	1,215	226,278
Expenses			
Facility-based inpatient acute nursing services	32,695	231	32,926
Facility-based emergency and outpatient services	20,644	(11)	20,633
Facility-based continuing care services	30,639	254	30,893
Community-based care	11,995	-	11,995
Home care	12,546		12,546
Diagnostic and therapeutic services	40,985	50	41,035
Promotion, prevention and protection services	9,820	214	10,034
Administration	8,946	-	8,946
Information technology	2,501	344	2,845
Support services	49,573	133	49,706
Amortization of facilities and improvements	5,190	-	5,190
TOTAL EXPENSES	225,534	1,215	226,749
Deficiency of revenue over expense	$ (471)	$	$ (471)

(1) The budget was approved by the Board of the Authority on April 22, 2004 and submitted to the Minister of Health and Wellness for approval. An updated budget was approved by the Board of the Authority August 25, 2004 as a result of additional funding announced June 30, 2004 and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

Note 11 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions	183,332	168,902
Transfers from deferred contributions (Schedule 3)	6,340	4,941
AH&W payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	644	642
	$ 190,316	$ 174,485

Note 12 Other Government Contributions

	2005	2004
Alberta Government		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	817	813
Transfers from deferred contributions (Schedule 3)	988	806
Fair value to use non-owned acute care facilities	531	531
Other Alberta Government	21	281
	$ 2,357	$ 2,431

Note 13 Fees and charges

	Inpatient Resident		Outpatient		Total	
	2005	2004	2005	2004	2005	2004
Acute Care						
Out-of-province	1,393	1,227	1,817	1,145	3,210	2,372
Out-of-country base amount	81	56	108	67	189	123
Out-of-country surcharge	88	71	130	83	218	154
WCB standard charges	346	277	2,139	1,664	2,485	1,941
Federal	115	72	355	212	470	284
Uninsured medical services	70	44	181	62	251	106
Preferred accomodation	10	22	-	-	10	22
Continuing care semi-private	323	191	-	-	323	191
	2,426	1,960	4,730	3,233	7,156	5,193
Continuing Care						
Continuing care standard ward	205	267	-	-	205	267
Continuing care semi-private	7,433	6,876	-	-	7,433	6,876
Continuing care private	5,563	5,093	-	-	5,563	5,093
Day program	63	-	-	-	63	-
Out of province	2	-	-	-	2	-
WCB standard charges	58	-	-	-	58	-
Uninsured medical services	33	91	-	-	33	91
	13,397	12,327	-	-	13,397	12,327
Home care fees						
Homemaking fees	-	-	1	1	1	1
	-	-	1	1	1	1
	$ 15,823	$ 14,287	$ 4,731	$ 3,234	$ 20,554	$ 17,521

Note 14 Ancillary Operations

	2005			2004
	Non-patient Food Services	Rental Operations	Total	Total
Revenue				
Revenue	824	504	1,328	1,249
Amortized deferred capital contributions	27	4	31	36
	851	508	1,359	1,285
Expenses				
Other expenses	867	158	1,025	1,058
Amortization	27	4	31	36
	894	162	1,056	1,094
Excess (deficiency) of revenue over expense	$ (43)	$ 346	$ 303	$ 191

Note 15 Investment and other income

	2005	2004
Investment income	2,058	1,663
Other income	4,383	4,291
	$ 6,441	$ 5,954

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains (losses) on disposal of investments.

Other income comprises recoveries from sources external to the Authority for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 16 Administration

	2005	2004
General administration	3,324	3,135
Finance	1,191	1,170
Payroll	867	980
Human Resources	1,840	1,323
Administration - contract operators (Schedule 4)	1,557	1,662
	$ 8,779	$ 8,270

Note 17 Support services

	2005	2004
Building maintenance, operations and security	13,220	12,662
Communications	1,611	1,611
Education	628	570
Housekeeping	5,136	4,922
Laundry and Linen	2,291	2,247
Materials management	2,360	2,286
Patient food services	8,148	7,774
Patient health records	3,280	2,892
Patient registration	2,302	2,234
Patient transportation	5,020	4,471
Support services - contract operators (Schedule 4)	7,844	7,411
	$ 51,840	$ 49,080

Note 18 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(c) Foundations

The Authority has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	2	1	0	56
Lakeland Regional Health Authority Foundation	0	0	0	2
Hinton Health Care Foundation	167	15	94	32
Jasper Health Care Foundation	3	0	180	0
	$ 172	$ 16	$ 274	$ 90

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 19 Pension Costs

The Authority participates in the Local Authorities Pension Plans, which are multi-employer defined benefit plans. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $5,946 for the year ended March 31, 2005 (2004 $4,707).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficit of $1,288,924 (2003 $1,453,487).

Note 20 Comparative Figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

	Budget	2005	2004
Salaries and Benefits (Schedule 2)	139,079	135,902	125,268
Contracts with health service operators (Schedule 4)	28,254	29,164	26,681
Drugs and gases	3,754	3,626	3,413
Medical and surgical supplies	3,460	3,761	3,181
Other contracted services	11,118	11,947	10,174
Other *	32,066	34,374	31,375
Amortization:			
Capital equipment - internally funded	1,947	1,787	1,894
Capital equipment - externally funded	2,982	2,690	2,151
Facilities and improvements - internally funded	163	99	98
Facilities and improvements - externally funded	5,094	5,154	5,158
Net (gain)/loss on disposal	-	(19)	15
	227,917	228,485	209,408
Less amounts reported in ancillary operations (Note 14)	(1,168)	(1,056)	(1,094)
	$ 226,749	$ 227,429	$ 208,314

* Other			
Utilities	5,771	5,164	5,634
Patient travel	4,514	4,886	4,472
Food	2,384	2,464	2,355
Minor equipment	1,430	1,943	986
Equipment maintenance - external	1,474	1,814	1,703
Lab supplies	1,470	1,674	1,782
Other fees	983	1,518	1,072
Renovations	1,700	1,363	846
Staff travel	894	1,360	984
Rental/lease of equipment	1,452	1,294	1,492
Miscellaneous	9,994	10,894	10,049
	$ 32,066	$ 34,374	$ 31,375

Schedule 2

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(in thousands)

	2005				Severance			2004			
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries Honoraria, Benefits[2][3]	Severance	Total
Authority/Board Compensation											
RHA Chairperson - Robert Jackson	1.00	22	-	22	-	-	22	1.00	26	-	26
RHA Vice Chairperson - Gary Pollock	1.00	6	-	6	-	-	6	1.00	7	-	7
Allan Buck	1.00	6	-	6	-	-	6	1.00	6	-	6
Hazel Hart	1.00	8	-	8	-	-	8	1.00	10	-	10
Ernie Halun	1.00	5	-	5	-	-	5	1.00	5	-	5
Ernie Isley	1.00	8	-	8	-	-	8	1.00	8	-	8
Dale Johnson	1.00	7	-	7	-	-	7	1.00	9	-	9
Judy Kidd	1.00	5	-	5	-	-	5	1.00	7	-	7
Shirley Mahon	1.00	5	-	5	-	-	5	1.00	6	-	6
Ellen McGladdery	1.00	5	-	5	-	-	5	1.00	7	-	7
Andrew Orr	1.00	6	-	6	-	-	6	1.00	7	-	7
John Pilipchuk	1.00	7	-	7	-	-	7	1.00	6	-	6
Gary Ruecker	1.00	2	-	2	-	-	2	1.00	4	-	4
Floyd Thompson	1.00	9	-	9	-	-	9	1.00	10	-	10
Marian Wolitski	1.00	7	-	7	-	-	7	1.00	8	-	8
Sub-total	15.00	108	-	108	-	-	108	15.00	126	-	126
Staff											
President & Chief Executive Officer	1.00	240	45	285	-	-	285	1.01	272	-	272
Management person(s) reporting to the President & CEO:											
Vice Presidents	3.99	542	101	643	-	-	643	3.83	542	-	542
Other management person(s) reporting directly to those above	21.31	1,755	366	2,121	1.00	(120)	2,001	20.37	1,866	16	1,882
Other management	40.66	3,384	710	4,094	1.00	43	4,137	39.50	3,730	1	3,731
Regulated nurses not included above											
- RNs, Reg. Psych. Nurses, Grad nurses	535.90	38,562	7,391	45,953	-	-	45,953	526.36	41,877	2	41,879
- LPNs	199.86	8,042	1,506	9,548	-	-	9,548	198.04	9,428	-	9,428
Other health technical and professionals	358.20	22,779	4,296	27,075	-	-	27,075	349.38	23,872	-	23,872
Unregulated health service providers	346.63	10,251	1,869	12,120	-	-	12,120	335.50	11,601	12	11,613
Other staff	855.07	28,315	5,759	34,074	12.00	(42)	34,032	822.36	31,870	53	31,923
Sub-total	2,362.62	113,870	22,043	135,913	14.00	(119)	135,794	2,296.35	125,058	84	125,142
Grand Total	2,377.62	$ 113,978	$ 22,043	$ 136,021	14.00	$ (119)	$ 135,902	2,311.35	$ 125,184	$ 84	$ 125,268

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Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2005

1. Full time equivalent (FTE) is determined at the rate of 2,022.75 for all employees except those who are part of the United Nurses of Alberta employment contract where a FTE is based on 1,921 hours and employees of Aspen Community Health Services where a FTE is based on 1,827 hours. Total actual discrete number of individuals employed: 3,729 (2004 3,538).
2. Salaries include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation and other remuneration.
3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
4. The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.
5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

Schedule 3

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

		Amounts received or receivable				Amounts recognized as revenue					
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2005
Alberta Health and Wellness:											
Innovation fund - shared remote DI	51	-	-	-	-	(51)	-	-	-	-	-
Innovation fund - Aspen alzheimer cottage	628	-	-	-	-	-	-	-	-	-	628
Telehealth - clinical and other projects	26	12	-	-	-	(22)	-	-	-	(12)	4
Children's health initiative	-	125	-	-	-	(125)	-	-	-	-	-
Early childhood development	472	561	-	-	-	(642)	-	-	-	-	391
Telehealth - operating	-	50	-	-	-	(50)	-	-	-	-	-
Rural on call program	-	2,464	-	-	-	(2,453)	-	-	-	-	11
Specialist on call program	793	2,664	-	-	-	(1,988)	-	-	-	-	1,469
Vaccine administration	-	474	-	-	-	(474)	-	-	-	-	-
Security of systems	168	275	-	-	-	(168)	-	-	-	-	275
IT system transition	115		-	-	-	(115)	-	-	-	-	-
Innovation fund - primary care diabetes	224	176	-	-	-	(119)	-	-	-	(10)	271
Chipewyan Lake CHR education project	35		-	-	-	-	-	-	-	-	35
Chipewyan Lake CHR project	50	50	-	-	-	-	-	-	-	-	100
Regional shared health information program	-	727	-	-	-	-	-	-	-	(378)	349
Primary care initiative	-	100	-	-	-	-	-	-	-	-	100
Transfer of governance of ground ambulance	-	400	-	-	-	(133)	-	-	-	-	267
Wabasca prenatal nutrition program	-	31	-	-	-	-	-	-	-	-	31
Other contributors:											
Alberta Infrastructure upgrade projects	3,284	-	1,616	-	-	-	(906)	-	-	-	3,994
Restricted - long term care partnerships	2,629	-	-	-	-	-	(82)	-	-	-	2,547
Alberta heritage foundation search project	1	-	-	-	-	-	-	-	(1)	-	-
Breast cancer infolink	1	-	-	-	-	-	-	-	(1)	-	-
Cervical screening project	-	-	-	-	55	-	-	-	(55)	-	-
Alzheimer and dementia project	-	-	-	-	17	-	-	-	-	-	17
Restricted - donations	1,297	-	-	1,621	-	-	-	(368)	-	(1,319)	1,231
Long term care fees received in advance	127	-	-	-	101	-	-	-	(127)	-	101
Total 2004 05	$ 9,901	$ 8,109	$ 1,616	$ 1,621	$ 173	$ (6,340)	$ (988)	$ (368)	$ (184)	$ (1,719)	$ 11,821

Schedule 3 (continued)

Unspent amounts at year end are as follows:

	2005	2004
Current:		
Innovation fund - shared remote DI	-	51
Innovation fund - Aspen alzheimer cottage	628	628
Telehealth - clinical and other projects	4	26
Early childhood development	391	472
Rural on call program	11	-
Specialist on call program	1,469	793
Security of systems	275	168
IT system transition	-	115
Innovation fund - primary care diabetes	271	224
Chipewyan Lake CHR education project	35	35
Chipewyan Lake CHR project	100	50
Regional shared health information program	349	-
Primary care initiative	100	-
Transfer of governance of ground ambulance	267	-
Wabasca prenatal nutrition program	31	-
Alberta Infrastructure upgrade projects	3,994	3,284
Alberta heritage foundation search project	-	1
Breast cancer infolink	-	1
Alzheimer and dementia project	17	-
Restricted - donations	1,231	1,297
Long term care fees received in advance	101	127
	9,274	7,272
Non-current:		
Restricted - long term care partnerships	2,547	2,629
Total	$ 11,821	$ 9,901

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

Facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community-based services	Diagnostic and therapeutic services	Administration	Support Services	Total Expenditures
A. Voluntary													
Bonnyville Healthcare Centre	10,986	-	1,020	531	12,537	2,139	1,667	1,084	-	3,974	236	3,437	12,537
B. Private													
Extendicare Athabasca	1,837	155	807	-	2,799	-	-	1,361	-	184	278	976	2,799
Extendicare Bonnyville	1,506	171	817	-	2,494	-	-	1,169	-	175	271	879	2,494
Extendicare Mayerthorpe	1,854	152	772	-	2,778	-	-	1,430	-	204	295	849	2,778
Extendicare St. Paul	3,032	165	1,215	-	4,412	-	-	2,434	-	332	357	1,289	4,412
Good Samaritan Hinton	988	-	400	82	1,470	-	-	860	-	76	120	414	1,470
Other Mental Health Agencies	886	-	-	-	886	-	-	-	886	-	-	-	886
Other Private Diagnostic Clinics	14	-	-	-	14	-	-	-	-	14	-	-	14
C. Other													
Capital Health Authority	1,769	-	-	-	1,769	-	-	-	-	1,769	-	-	1,769
Other Health Authorities	5	-	-	-	5	-	-	-	-	5	-	-	5
Total 2004/05	$ 22,877	$ 643	$ 5,031	$ 613	$ 29,164	$ 2,139	$ 1,667	$ 8,338	$ 886	$ 6,733	$ 1,557	$ 7,844	$ 29,164
Total 2003/04	$ 21,056	$ 652	$ 4,442	$ 531	$ 26,681	$ 1,736	$ 1,782	$ 8,113	$ 901	$ 5,076	$ 1,662	$ 7,411	$ 26,681

Note: Total Revenue must equal Total Expenditures

Note: Full cost adjustments are required to reflect the full cost of services in situations where a health authority does not pay full cost. Reference: Note 2(b).

Financial Statements of

PEACE COUNTRY HEALTH

March 31, 2005

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AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of Peace Country Health (the Authority) as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 27, 2005

PEACE COUNTRY HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Peace Country Health Board for approval. The Auditor General of Alberta has full and free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. He has assured us that his examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Dalton M. Russell
President and
Chief Executive Officer

Shawn Nelson
Chief Financial and
Information Officer

PEACE COUNTRY HEALTH
Statement of Financial Position
March 31, 2005
(thousands of dollars)

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	$ 20,620	$ 4,955
Accounts receivable	4,569	4,886
Contributions receivable from Alberta Health and Wellness	8,159	5,861
Inventories	1,082	963
Prepaid expenses	1,525	927
	35,955	17,592
NON-CURRENT CASH AND INVESTMENTS (Note 3)	5,347	6,076
NON-CURRENT RECEIVABLES (Note 4)	4,768	1,734
CAPITAL ASSETS (Note 5)	183,780	189,268
	$ 229,850	$ 214,670
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 18,325	$ 18,886
Accrued vacation pay	8,654	7,952
Deferred contributions (Schedule 3)	7,650	1,606
Current portion of obligations under capital leases (Note 7)	34	-
	34,663	28,444
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	9,696	6,743
OBLIGATIONS UNDER CAPITAL LEASES (Note 7)	102	-
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 8)	174,480	178,135
	218,941	213,322
NET ASSETS		
Accumulated operating surplus (deficit)	1,745	(9,785)
Investment in capital assets from internally funded sources	9,164	11,133
	10,909	1,348
	$ 229,850	$ 214,670

The accompanying notes and schedules are part of these financial statements

PEACE COUNTRY HEALTH
Statement of Operations
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Note 10)	Actual	Actual
REVENUES			
Alberta Health and Wellness contributions (Note 11)	$ 184,363	$ 183,840	$ 156,670
Other government contributions (Note 12)	768	1,352	818
Fees and charges (Note 13)	16,235	16,309	13,366
Ancillary operations - net (Note 14)	992	998	878
Donations	243	380	540
Investment and other income (Note 15)	4,308	5,875	5,519
Amortization of external capital contributions (Note 8)	8,418	9,910	8,418
	215,327	218,664	186,209
EXPENSES (Schedule 1)			
Facility-based inpatient acute nursing care services	46,166	46,832	41,659
Facility-based emergency and outpatient services	15,682	15,502	15,112
Facility-based continuing care services	19,506	18,895	18,739
Ambulance Services	3,037	3,818	3,151
Community based services	6,012	5,737	5,376
Home care	11,527	11,395	10,377
Diagnostic and therapeutic services	36,142	37,291	33,793
Promotion, prevention and protection services	9,784	9,382	8,312
Research and education	-	45	33
Administration (Note 16)	9,613	10,716	10,438
Information technology	3,755	3,595	4,111
Support services (Note 17)	39,412	38,949	37,757
Amortization of facilities and improvements	6,291	6,946	6,308
	206,927	209,103	195,166
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 8,400	$ 9,561	$ (8,957)

PEACE COUNTRY HEALTH
Statement of Changes in Net Assets

Year ended March 31, 2005
(thousands of dollars)

	2005			2004
	Accumulated Operating Deficit	Investment in Capital Assets	Total	Total
Excess (deficiency) of revenues over expenses	$ 9,561	$ -	$ 9,561	$ (8,957)
Capital assets purchased with internal funds	(743)	743	-	-
Amortization of internally funded capital assets	1,374	(1,374)	-	-
Repayment of obligation under capital lease	(32)	32	-	-
Reclassification of prior year capital asset additions (Note 22)	1,370	(1,370)	-	-
Net change	11,530	(1,969)	9,561	(8,957)
Balance, beginning of year	(9,785)	11,133	1,348	10,305
Balance, end of year	$ 1,745	$ 9,164	$ 10,909	$ 1,348

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PEACE COUNTRY HEALTH
Statement of Cash Flows

Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	$ 8,400	$ 9,561	$ (8,957)
Items not affecting cash:			
Amortization of internally funded equipment	1,128	1,212	1,118
Amortization of externally funded equipment	2,599	3,074	2,576
Amortization of internally funded facilities and improvements	472	162	472
Amortization of externally funded facilities and improvements	5,819	6,784	5,819
Amortization of external capital contributions	(8,418)	(9,910)	(8,418)
(Gain) loss on disposal of capital investments	-	(150)	13
Change in non-cash working capital accounts	752	3,487	2,726
Cash generated from (used by) operations	10,752	14,220	(4,631)
INVESTING ACTIVITIES			
Purchase of capital assets:			
Internally funded equipment	-	(593)	(124)
Externally funded equipment	(3,257)	(2,913)	(1,618)
Internally funded facilities and improvements	-	(150)	(1,376)
Externally funded facilities and improvements	(7,120)	(1,972)	(6,082)
Proceeds on sale of capital assets	-	202	39
Change in non-current cash	4,076	729	(13)
Cash used by investing activities	(6,301)	(4,697)	(9,174)
FINANCING ACTIVITIES			
Capital contributions received (Note 6)	5,634	9,501	7,693
Change in non-current receivables	1,470	(3,034)	(694)
Capital contributions transferred from deferred revenue (Note 6)	-	97	4
Capital contributions transferred (to) from operations (Note 6)	-	(390)	56
Principal payment of capital lease obligation	-	(32)	-
Cash generated from financing activities	7,104	6,142	7,059
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	11,555	15,665	(6,746)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	4,955	4,955	11,701
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 16,510	$ 20,620	$ 4,955

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1. AUTHORITY, PURPOSE AND OPERATION

Peace Country Health ("the Authority"), formerly Mistahia Regional Health Authority, was established on June 24, 1994, under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache General Hospital
- Grimshaw Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River and Valleyview.

The Authority has a 14.2% partnership in RSHIP Co. which was established April 1, 2004. This partnership is in combination with six other regional health authorities of Alberta. RSHIP Co. is responsible for developing and implementing a shared information technology and data processing centre in which the health regions will be able to access medical information for patients province wide.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and the reporting requirements of Financial Directive 24 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below. These accounting policies conform, in all material respects, to GAAP.

(a) *Basis of Presentation*

The financial statements are prepared using the proportionate consolidation method, which include all facilities, and sites that the Authority operates, including its proportionate share of RSHIP Co. Foundations are not consolidated.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) *Revenue Recognition*

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Full Cost*

The Authority accounts for all costs and revenues related to services for which it is responsible.

The fair value of costs of service is recorded. Such fair value transactions recorded include the following:

- Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
- The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.
- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

PEACE COUNTRY HEALTH

Notes to the Financial Statements

Year ended March 31, 2005

2. **SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

(c) *Full Cost (continued)*

- ➢ Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee Future Benefits*

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligation for employee non-pension future benefits.

(e) *Investments*

Temporary investments are recorded at cost, which approximates market value.

Non-current investments are recorded at cost unless there has been an other than temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

(f) *Inventories*

Inventories are recorded at the lower of cost, as defined by moving average, and net realizable value.

PEACE COUNTRY HEALTH

Notes to the Financial Statements

Year ended March 31, 2005

2. **SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

(g) *Capital Assets*

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Major equipment	5 - 15 years

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by longterm obligations.

Capital assets are tested for recoverability whenever events or circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(h) *Restructuring Costs*

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amounts is recorded.

(i) *Measurement Uncertainty*

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Key areas of estimation where management has made subjective judgments, often as a result of matters that are inherently uncertain, include those related to allowance for uncollectible accounts receivable, unsettled labour contracts and accrued liabilities. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(j) *Fair Value of Financial Instruments*

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accruals, accrued vacation pay, and deferred contributions on the statement of financial position approximate fair value because of the short-term maturity of these instruments.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market values.

3. CASH AND INVESTMENTS

	2005	2004
	(thousands of dollars)	
Cash	$ 25,967	$ 4,568
Temporary investments	-	6,463
Total current and non-current cash and investments	$ 25,967	$ 11,031
Classified as		
Current	$ 20,620	$ 4,955
Non-current	5,347	6,076
Total cash and investments	$ 25,967	$ 11,031

Current cash and temporary investments represent amounts held for working capital purposes. Non-current cash and investments represent amounts externally restricted for capital acquisitions.

4. NON-CURRENT RECEIVABLES

	2005	2004
	(thousands of dollars)	
Alberta Infrastructure	$ 4,189	$ -
Non-current portion of receivables from physicians and staff	419	1,067
Foundations	112	308
Other Regional Health Authorities	48	191
Alberta Health and Wellness	-	168
	$ 4,768	$ 1,734

The amounts due from Alberta Infrastructure and Foundations are for capital acquisitions.

The amount due from physicians and staff is the non-current portion of non-interest bearing loans granted to Authority staff or certain physicians to establish medical practices. The current portion of $719,342 (2004 - $612,059) is reported in accounts receivable.

5. CAPITAL ASSETS

	Cost				
	Opening Balance April 1, 2004	Transfers from Work in progress	Additions	Disposals	Closing Balance March 31, 2005
	(thousands of dollars)				
Land	$ 2,038	$ -	$ -	$ -	$ 2,038
Land improvements	8,489	104	126	-	8,719
Buildings	250,539	2,911	697	-	254,147
Major equipment	65,694	168	2,162	951	67,073
Work in progress	4,066	(3,183)	2,811	-	3,694
	$ 330,826	$ -	$ 5,796	$ 951	$ 335,671

	Accumulated Amortization			
	Opening Balance April 1, 2004	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2005
	(thousands of dollars)			
Land	$ -	$ -	$ -	$ -
Land improvements	7,488	142	-	7,630
Buildings	87,161	6,804	-	93,965
Major equipment	46,909	4,286	899	50,296
Work in progress	-	-	-	-
	$ 141,558	$ 11,232	$ 899	$ 151,891

	Net Book Value	
	2005	2004
	(thousands of dollars)	
Land	$ 2,038	$ 2,038
Land improvements	1,089	1,001
Buildings	160,182	163,378
Major equipment	16,777	18,785
Work in progress	3,694	4,066
	$ 183,780	$ 189,268

5. CAPITAL ASSETS (continued)

Capital assets have been funded from the following sources

	2005	2004
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 8)	$ 174,480	$ 178,135
Internally funded (investment in capital assets)	9,164	11,133
Funded by capital leases	136	-
	$ 183,780	$ 189,268

During the year, the Authority purchased capital assets with a cost of $167,997 through capital leases. As these were non-cash transactions, they have not been reflected in the statement of cash flows.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b) -

	2005	2004
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Infrastructure contributions	$ 7,002	$ 3,995
Restricted Alberta Health and Wellness contributions	1,957	2,213
Donations restricted for capital purposes	530	1,457
Other sources	12	27
Interest	-	1
	9,501	7,693
Transferred (to) from:		
Unamortized external capital contributions (Note 8)	(4,885)	(7,700)
Unamortized external capital contributions (Note 22)	(1,370)	-
Statement of operations - investment and other income (Note 15)	-	56
Statement of operations - government contributions (Note 12)	(390)	-
Deferred contributions (Schedule 3)	97	4
	(6,548)	(7,640)
Change during the year	2,953	53
Balance, beginning of year	6,743	6,690
Balance, end of year	$ 9,696	$ 6,743
Balance at end of year is restricted for the following purposes:		
Capital upgrades	$ 8,527	$ 5,584
Equipment acquisition	1,169	1,159
	$ 9,696	$ 6,743

7. OBLIGATIONS UNDER CAPITAL LEASES

	2005	2004
	(thousands of dollars)	
Obligations under capital leases	$ 136	$ -
Less: current portion	34	
Non-current portion	$ 102	$ -

Future payments for the year ended March 31:

2006	$40
2007	40
2008	40
2009	40
Subtotal	160
Less interest	(24)
Total payments	136

Capital leases expire on various dates to 2010. The implicit interest payable on these leases is 6.96%.

8. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2005	2004
	(thousands of dollars)	
Balance, beginning of year	$ 178,135	$ 178,853
Add amounts transferred from deferred capital contributions (Note 6)	4,885	7,700
Reclassification of prior year capital additions (Note 22)	1,370	-
	184,390	186,553
Less amounts recognized as revenue:		
Amortization of external capital contributions	(9,910)	(8,418)
Balance, end of year	$ 174,480	$ 178,135

9. COMMITMENTS

Contracts

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Maintenance Contracts	Healthcare Service Contracts	Operating Leases	Total
	(thousands of dollars)			
2006	$ 1,384	$ 1,191	$ 606	$ 3,181
2007	841	260	538	1,639
2008	649	88	456	1,193
2009	380	9	156	545
2010	9	-	2	11

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 6.74 cents per kilowatt-hour. The agreement expires December 31, 2008.

Capital Projects

The Authority has committed to completing four major capital projects over the next few years. The total future commitment is estimated at $5,635,000 and is summarized below:

	Total Approved Amounts	Costs Incurred to Date	Estimated Future Costs
	(thousands of dollars)		
Grimshaw/Berwyn renovations to convert to Continuing Care	$ 4,730	$ 331	$ 4,399
Grande Cache renovations to convert to Continuing Care	625	105	520
QEII Hospital program study	430	17	413
High Prairie Health Complex program study	335	32	303
	$ 6,120	$ 485	$ 5,635

Included in deferred capital contributions is $5,635,000 related to these capital projects.

PEACE COUNTRY HEALTH

Notes to the Financial Statements
Year ended March 31, 2005

10. BUDGET

	Approved Budget(1)	Additional Approved Budget(2)	Budget Reallocation(3)	Reported Budget
	(thousands of dollars)			
Revenues				
Alberta Health and Wellness contributions	$ 182,243	$ 2,120	$ -	$ 184,363
Other government contributions	1,561	-	(793)	768
Fees and charges	16,235	-	-	16,235
Ancillary operations - net	976	-	16	992
Donations	243	-	-	243
Investment and other income	3,031	-	1,277	4,308
Amortization of external capital contributions	8,418	-	-	8,418
	212,707	2,120	500	215,327
Expenses				
Facility-based inpatient acute nursing care services	44,356	1,667	143	46,166
Facility-based emergency and outpatient services	15,969	9	(296)	15,682
Facility-based continuing care services	19,378	139	(11)	19,506
Ambulance services	2,737	300	-	3,037
Community-based care	5,868	-	144	6,012
Home care	11,916	-	(389)	11,527
Diagnostic and therapeutic services	35,345	-	797	36,142
Promotion, prevention and protection services	8,769	174	841	9,784
Research and education	-	-	-	-
Administration	10,510	-	(897)	9,613
Information technology	3,803	(169)	121	3,755
Support services	39,365	-	47	39,412
Amortization of facilities and improvements	6,291	-	-	6,291
	204,307	2,120	500	206,927
Excess of revenues over expenses	$ 8,400	$ -	$ -	$ 8,400

(1) The Authority's budget was approved by the Minister of Health and Wellness on October 12, 2004.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations as follows:

	(thousands of dollars)
Specialists on-call program	$ 1,667
Ambulance services	300
Immunization administration costs	174
Security of systems	259
RSHIP	(428)
Telehealth - geriatric care	(22)
Adjustment to physician rural on-call program	9
Long-term care	161
	$ 2,120

(3) The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employee salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

PEACE COUNTRY HEALTH

Notes to the Financial Statements
Year ended March 31, 2005

11. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2005	2004
	(thousands of dollars)	
Unrestricted contributions	$ 178,059	$ 152,218
Transfers from deferred contributions (Schedule 3)	5,781	4,452
	$ 183,840	$ 156,670

Included in unrestricted contributions is $9,785,000 (2004 - nil) received from Albeta Health & Wellness as one-time funding to eliminate the Authority's accumulated deficit as at March 31, 2004.

12. OTHER GOVERNMENT CONTRIBUTIONS

	2005	2004
	(thousands of dollars)	
Fair value of rent for non-acute care used by the Authority (Alberta Infrastructure)	$ 807	$ 700
Infrastructure maintenance program (Alberta Infrastructure) (note 6)	390	-
Francophone project (Federal government)	105	116
Northern Alberta Development Council (Provincial government)	19	-
STEP program (Provincial government)	18	-
Other	13	2
	$ 1,352	$ 818

13. FEES AND CHARGES

	Inpatient / Resident		Outpatient	
	2005	2004	2005	2004
	(thousands of dollars)			
Acute Care				
Out-of-province	$ 3,611	$ 2,407	$ 1,838	$ 1,461
Out-of-country base amount	37	38	20	22
Out-of-country surcharge	47	62	25	27
WCB standard charges	714	598	1,740	1,446
Federal	22	34	115	69
Uninsured medical services	2	1	15	13
Self insured individuals	73	29	42	48
Preferred accommodation	134	152	-	-
Continuing care standard ward	56	28	-	-
Continuing care semi-private	8	1	-	-
	4,704	3,350	3,795	3,086
Continuing Care				
Continuing care standard ward	91	101	-	-
Continuing care semi-private	4,100	3,710	-	-
Continuing care private	2,918	2,660	-	-
WCB standard charges	60	74	-	-
	7,169	6,545	-	-
Ambulance services	641	385	-	-
	$ 12,514	$ 10,280	$ 3,795	$ 3,086

14. ANCILLARY OPERATIONS

	2005			2004
	Parking Operations	Rental/ Other Operations	Total	Actual
	(thousands of dollars)			
Revenues	$ 546	$ 668	$ 1,214	$ 1,074
Expenses	67	149	216	196
Excess of revenues over expenses (2005)	$ 479	$ 519	$ 998	$ 878
Excess of revenues over expenses (2004)	$ 470	$ 408	$ 878	

15. INVESTMENT AND OTHER INCOME

	2005	2004
	(thousands of dollars)	
Unrestricted investment income	$ 438	$ 619
Other income	4,987	4,832
Transfer from deferred contributions (Schedule 3)	450	124
Transfer from deferred capital contributions (Note 6)	-	(56)
	$ 5,875	$ 5,519

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

16. ADMINISTRATION

	2005	2004
	(thousands of dollars)	
General administration	$ 4,769	$ 4,760
Financial services	2,545	2,233
Human resources	2,892	2,997
Administration related to private sector operators (Schedule 4)	510	448
	$ 10,716	$ 10,438

17. SUPPORT SERVICES

	2005	2004
	(thousands of dollars)	
Bio-medical engineering	$ 340	$ 295
Building maintenance, operations and security	12,730	12,479
Communications	1,132	1,124
Education	1,576	1,111
Health registry	4,684	4,246
Housekeeping	5,323	5,152
Laundry and linen	1,811	1,917
Materials management and transportation	2,859	2,634
Patient food services	7,132	7,006
Volunteer services and other	263	645
Support services related to private sector operators (Schedule 4)	1,099	1,148
	$ 38,949	$ 37,757

18. RELATED PARTIES

Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are included in the Statement of Operations.

Foundations

The Authority has an economic interest in the following Foundations that are not consolidated with the results of the Authority. The Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the Foundations is as follows

18. RELATED PARTIES (continued)

	Contributions Received by Authority from Foundation		Resources Held by Foundation	
	Year ended March 31,			
	2005	2004	Externally Restricted	Unrestricted
	(thousands of dollars)			
Beaverlodge Hospital Foundation (b)	$ 4	$ 10	$ -	$ 44
Fairview Health Complex Foundation (a)	90	134	-	2,395
Grande Cache Hospital Foundation (b)	32	2	-	-
Grimshaw/Berwyn & District Hospital Foundation (a)	6	7	5	183
Hythe Nursing Home Foundation (a)	32	17	1	48
Peace Health Foundation (b)	99	36	80	-
Queen Elizabeth II Hospital Foundation (a)	241	787	1,621	883
Valleyview Health Care Foundation (a)	41	6	10	12
	$ 545	$ 999	$ 1,717	$ 3,565

Information regarding Resources Held by Foundation is from the most recent financial reporting period available, which represents management's best estimate of the resources at March 31, 2005, and is obtained form the following sources:

(a) Resources Held by Foundation is as at March 31, 2004 and has been obtained from financial statements audited by another accounting firm.

(b) Resources Held by Foundation is as at March 31, 2003, has been obtained from the Foundation and is unaudited.

Externally restricted amounts are for equipment, programs, and research and education for the specific hospital and continuing care facility supported by the individual foundation.

The value of administrative support provided to foundations and the accounts receivable from the foundations at the year-end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31,	
	2005	2004	2005	2004
	(thousands of dollars)			
Queen Elizabeth II Hospital Foundation	$ 25	$ 25	$ 16	$ 264
Beaverlodge Hospital Foundation	-	-	3	-
Fairview Health Complex Foundation	-	-	82	133
Grimshaw/Berwyn Hospital Foundation	-	-	9	-
Hythe Nursing Home Foundation	-	-	35	15
Valleyview Health Care Foundation	-	-	2	-
	$ 25	$ 25	$ 147	$ 412

PEACE COUNTRY HEALTH

Notes to the Financial Statements
Year ended March 31, 2005

19. SUBSEQUENT EVENT

Beginning April 1, 2005, under a pilot project, funding and governance of ambulance services within the boundaries of Peace Country Health was transferred from the municipalities to Peace Country Health. In these financial statements, deferred contributions and accounts receivable both include $6,033,121 from Alberta Health and Wellness to fund this project.

20. TRUST FUNDS

The Authority holds funds in the amount of $204,145 (2004 - $171,913) on behalf of its continuing care clients and the QEII Hospital Child Care Centre.

21. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $5,888,995 for the year ended March 31, 2005 (2004 - $4,627,489).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficiency of $1,288,924,000 (2003 - $1,410,987,000).

22. RECLASSIFICATION OF PRIOR YEAR CAPITAL ASSET ADDITIONS

In 2004/05, the Authority received funding from Alberta Infrastructure of $1,370,272 for capital assets purchased in 2003/04. In 2003/04, these capital assets were accounted for as internally funded. For the 2004/05 financial statements, the classification of the capital asset additions was changed from internally funded to externally funded.

23. COMPARATIVE FIGURES

Certain 2004 figures have been reclassified to conform to 2005 presentation.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of the Authority.

PEACE COUNTRY HEALTH

Schedule 1

Expenses by Object of Expenditure

Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Note 10)	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 140,580	$ 137,749	$ 128,489
Contracts with health service operators (Schedule 4)	4,622	5,375	5,527
Drugs and gases	3,874	3,934	3,943
Medical and surgical supplies	3,942	4,373	3,949
Other contracted services	13,120	14,178	12,422
Interest on long-term debt	-	6	-
Other *	30,771	32,622	31,014
Amortization			
Internally funded equipment	1,128	1,212	1,138
Externally funded equipment	2,599	3,074	2,576
Internally funded facilities and improvements	472	162	472
Externally funded facilities and improvements	5,819	6,784	5,819
(Gain) loss on disposal of capital assets	-	(150)	13
	206,927	209,319	195,362
Less amounts reported in ancillary operations (Note 14)	-	216	196
	$ 206,927	$ 209,103	$ 195,166

	2005		2004
	Budget (Note 10)	Actual	Actual
* Other: Significant amounts include			
Diagnostic and therapeutic supplies	2,636	3,045	2,636
Equipment expenses	5,006	5,968	5,730
Food supplies	1,686	1,919	1,843
Patient transport	2,167	2,934	2,619
Recruitment and relocation	1,025	1,210	1,485
Utilities	6,527	5,970	6,331
Other	11,724	11,576	10,370
	$ 30,771	$ 32,622	$ 31,014

PEACE COUNTRY HEALTH

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance

Year ended March 31, 2005
(thousands of dollars)

	2005							2004			
					Severance [4]						
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Subtotal	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Honoraria, Benefits [1,2,3]	Severance	Total
AUTHORITY/BOARD COMPENSATION											
RHA Chairperson											
Marvin Moore	1.00	$ 28	$ 4	$ 32	-	$ -	$ 32	1.00	$ 43	$ -	$ 43
RHA Members											
Claudia Buck	1.00	10	3	13	-	-	13	1.00	12	-	12
Dennis Grant	1.00	8	1	9	-	-	9	1.00	14	-	14
Delphine Harbourne	1.00	13	1	14	-	-	14	1.00	16	-	16
Andre Harpe	1.00	12	4	16	-	-	16	1.00	17	-	17
Milton Hommy	1.00	10	3	13	-	-	13	1.00	18	-	18
Wayne Jacques	1.00	10	3	13	-	-	13	1.00	11	-	11
Rosa Kammer	1.00	11	3	14	-	-	14	1.00	16	-	16
Betty Kruse	1.00	17	1	18	-	-	18	1.00	16	-	16
Lawrence Mcardi	1.00	9	4	13	-	-	13	1.00	16	-	16
Jean Rycroft	1.00	10	4	14	-	-	14	1.00	15	-	15
Mario Saville	1.00	11	3	14	-	-	14	1.00	19	-	19
Brenda Strom	1.00	0	3	3	-	-	3	1.00	11	-	11
TOTAL HONORARIA	13.00	149	37	186	-	-	186	13	224	-	224
STAFF COMPENSATION											
Chief Executive Officer	1.00	261	41	302	-	-	302	1.00	296	-	296
Management persons reporting to the CEO											
Chief Operating Officer, QEII Hospital	1.00	154	27	181	-	-	181	1.00	146	-	146
Chief Operating Officer, Regional Sites	1.00	127	22	149	1.00	102	251	1.00	154	-	154
Vice President, Regional Health Services	1.00	147	20	167	-	-	167	1.00	124	-	124
Vice President, Human Resources	1.00	142	34	176	-	-	176	1.00	139	-	139
Chief Financial & Information Officer	1.00	141	28	169	-	-	169	1.00	143	-	143
Vice President, Medical Affairs	0.80	288	33	321	-	-	321	0.80	293	-	293
Other management persons reporting to those above	31.39	3,410	625	4,035	1.00	221	4,256	33.71	4,095	398	4,493
Other management	103.98	8,675	1,771	10,446	1.00	38	10,484	54.36	5,506	63	5,569
Regulated nurses not included above - RNs	510.90	38,391	7,362	45,753	-	-	45,753	497.90	46,879	2	46,881
Regulated nurses not included above - LPNs	171.10	7,927	1,526	9,453	-	-	9,453	175.13	8,460	-	8,460
Other health technical and professionals	289.33	20,633	3,608	24,241	-	-	24,241	275.24	29,473	-	29,473
Unregulated health service providers	204.47	7,881	1,427	9,308	-	-	9,308	276.44	11,108	-	11,108
Other staff	723.61	27,079	5,422	32,501	-	-	32,501	656.93	30,336	255	30,591
TOTAL STAFF COMPENSATION	2,041.77	115,256	21,946	137,202	3.00	361	137,563	1,976.51	127,312	718	128,030
TOTAL	2,054.77	$ 115,405	$ 21,983	$ 137,388	3.00	$ 361	$ 137,749	1,989.51	$ 127,536	$ 718	$ 128,254

PEACE COUNTRY HEALTH

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance (continued)
Year ended March 31, 2005
(thousands of dollars)

1. Full-time equivalent (FTE) has been determined as follows:

	Hours
Staff following United Nurses of Alberta (UNA) collective agreement	1,920.75
Certain unionized community health employees	1,827.00
Executive Team	2,015.00
All other contracts and excluded staff	2,022.75

Total actual discrete number of individuals employed: 3,586

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, shift differential, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions made on behalf of employees, including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers' compensation, and professional memberships and tuition.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes all monies paid directly or on behalf of an employee upon termination, which are not included in salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

6. The total amount is reported in Schedule 1 (Schedule of Expenses by Object of Expenditure).

PEACE COUNTRY HEALTH

Schedule 3

Schedule of Deferred Contributions

Year ended March 31, 2005
(thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue						
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness (Note 11)	Other government contributions (Note 12)	Donations	Investment and other (Note 15)	Transfer to Deferred Capital Contributions (Note 6)	Refunds to other RHAs	Closing Balance March 31, 2005
Alberta Health & Wellness:													
Primary Health Services	665	$ -	$ -	$ -	$ -	$ -	$ 284	$ -	$ -	$ -	$ -	$ -	$ 381
Specialists On-Call	313	2,651	-	-	-	-	2,081	-	-	-	-	883	-
Children's Health Initiative	98	92	-	-	-	-	181	-	-	-	-	-	9
Early Childhood Development	15	426	-	-	-	-	441	-	-	-	-	-	-
Ground Ambulance Pilot Project	-	6,033	-	-	-	-	-	-	-	-	-	-	6,033
Rural On Call	-	1,506	-	-	-	-	1,506	-	-	-	-	-	-
RSHIP	-	288	-	-	-	-	288	-	-	-	-	-	-
Security of Systems	-	259	-	-	-	-	259	-	-	-	-	-	-
Vaccine administration	-	398	-	-	-	-	398	-	-	-	-	-	-
Ground Ambulance Services	-	300	-	-	-	-	300	-	-	-	-	-	-
EMT - Paramedic training	-	90	-	-	-	-	-	-	-	-	-	-	90
Primary Care Initiative	-	100	-	-	-	-	-	-	-	-	-	-	100
Telehealth Operating Grant	-	110	-	-	-	-	-	-	-	-	-	-	110
Telehealth Project	-	74	-	-	-	-	-	-	-	-	-	-	74
Varicella Immunization	-	1	-	-	-	-	1	-	-	-	-	-	-
Primary Care Diabetes Project	-	288	-	-	-	-	12	-	-	-	-	-	276
Alzheimer and Dementia Training	-	30	-	-	-	-	30	-	-	-	-	-	-
	1,091	12,646	-	-	-	-	5,781	-	-	-	-	883	7,073
Other contributors:													
Donors	443	-	-	241	319	-	-	-	380	-	97	-	526
Alberta Alcohol and Drug Abuse Commission	54	-	-	-	-	97	-	-	-	79	-	60	12
Alberta Cancer Board	-	-	-	-	-	57	-	-	-	39	-	17	1
Alberta Mental Health Board	-	-	-	-	-	270	-	-	-	270	-	-	-
Alberta Medical Association	-	-	-	-	-	100	-	-	-	62	-	-	38
Other	18	-	9	-	-	-	-	19	-	-	-	8	-
	515	-	9	241	319	524	-	19	380	450	97	85	577
	$ 1,606	$ 12,646	$ 9	$ 241	$ 319	$ 524	$ 5,781	$ 19	$ 380	$ 450	$ 97	$ 968	$ 7,650

All amounts above are current deferred contributions.

PEACE COUNTRY HEALTH

Schedule of Voluntary and Private Health Service Providers

Year ended March 31, 2005
(thousands of dollars)

Schedule 4

	Direct Region Funding	Approved Patient Fees and Charges	Total Revenues	Facility based continuing care services	Community based services	Home care	Diagnostic and therapeutic services	Administration (note 16)	Support Services (note 17)	Total Expenditures
A. Private Health Service Providers										
Access Physiotherapy	$ 229	$ -	$ 229	$ -	$ -	$ -	$ 169	$ 14	$ 46	$ 229
Chantelle Management	1,944	923	2,867	1,574	-	-	167	395	731	2,867
Connecting Care	131	-	131	-	-	125	-	6	-	131
College and Community Health Centre	244	-	244	-	-	-	181	14	49	244
Columbia Rehabilitation Centre	209	-	209	-	-	-	155	12	42	209
Dynacare Kasper Medical Laboratories	1,156	-	1,156	-	-	-	856	69	231	1,156
	3,913	923	4,836	1,574	-	125	1,528	510	1,099	4,836
B. Voluntary Health Service Providers										
Community mental health partners	539	-	539	-	539	-	-	-	-	539
	539	-	539	-	539	-	-	-	-	539
TOTAL 2004/05	$ 4,452	$ 923	$ 5,375	$ 1,574	$ 539	$ 125	$ 1,528	$ 510	$ 1,099	$ 5,375
TOTAL 2003/04	$ 4,693	$ 834	$ 5,527	$ 1,487	$ 557	$ -	$ 1,887	$ 448	$ 1,148	$ 5,527

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2005

Statement of Management Responsibility

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Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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NORTHERN LIGHTS HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which include communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the whole. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Northern Lights Health Region board for approval. The external auditor has free access to the Committee of the whole.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Patricia Pelton
Chief Executive Officer

Linda L. Metz

Linda Metz
Chief Financial Officer

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Northern Lights Health Region and the
Minister of Health and Wellness

I have audited the statement of financial position of Northern Lights Health Region (the Region) as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 27, 2005

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2005
(in thousands)

	2005 Actual	2004 Actual
ASSETS		
Current		
Cash and investments (Note 3)	$ 9,122	$ 13,112
Accounts receivable (Note 4)	1,875	1,433
Contributions receivable from Alberta Health and Wellness	1,544	865
Inventories	565	555
Prepaid expenses	573	636
	13,679	16,601
Non-current cash and investments (Note 3)	1,643	4,201
Capital contributions receivable (Note 5)	1,788	907
Capital assets (Note 6)	81,498	80,266
TOTAL ASSETS	$ 98,608	$ 101,975
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 6,109	$ 9,691
Accrued vacation pay	2,624	2,369
Bank loan (Note 7)	360	480
Deferred contributions (Schedule 3)	2,299	1,544
	11,392	14,084
Deferred contributions (Schedule 3)	5	5
Deferred capital contributions (Note 8)	3,426	5,103
Unamortized external capital contributions (Note 9)	77,832	76,429
	92,655	95,621
Net assets		
Accumulated surplus	2,287	2,517
Investment in capital assets from internally funded sources	3,666	3,837
Operating net assets	5,953	6,354
TOTAL LIABILITIES AND NET ASSETS	$ 98,608	$ 101,975

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF OPERATIONS
March 31, 2005
(in thousands)

	2005 Budget (Note 11)	2005 Actual	2004 Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 66,916	$ 67,506	$ 60,355
Other government contributions (Note 13)	708	2,323	723
Fees and charges (Note 14)	4,297	4,993	3,782
Ancillary operations, net (Note 15)	187	(42)	15
Donations	63	463	224
Investment and other income (Note 16)	861	1,124	1,217
Amortized external capital contributions (Note 9)	4,936	6,019	3,673
TOTAL REVENUE	77,968	82,386	69,989
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	18,536	19,270	16,880
Facility-based emergency and outpatient services	5,757	5,793	5,050
Facility-based continuing care services	3,477	3,831	3,403
Ambulance services	-	112	-
Community -based care	2,408	2,180	1,554
Home care	2,624	2,618	2,495
Diagnostic and therapeutic services	14,275	15,150	12,374
Promotion, prevention and protection services	5,416	5,507	4,904
Administration (Note 17)	4,797	5,067	3,859
Information technology	2,635	3,367	1,693
Support services (Note 18)	13,629	15,309	13,115
Amortization of facilities and improvements	4,414	4,000	2,360
Capital assets write down (Note 19)	-	583	-
TOTAL EXPENSES	77,968	82,787	67,687
Excess (deficiency) of revenue over expense	$ -	$ (401)	$ 2,302

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(in thousands)

	2005			2004
	Operating			
	Accumulated surplus/(deficit) Unrestricted	Investment in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenue over expense	$ (401)	$ -	$ (401)	$ 2,302
Capital assets purchased with internal funds	(830)	830	-	-
Amortization on internally funded capital assets	986	(986)	-	-
Disposal of internally funded capital assets	15	(15)	-	-
Net change	(230)	(171)	(401)	2,302
Balance, beginning of year	2,517	3,837	6,354	4,052
Balance, end of year	$2,287	$3,666	$5,953	$6,354

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CASH FLOWS
March 31, 2005
(in thousands)

	2005 Budget	2005 Actual	2004 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ -	$ (401)	$ 2,302
Non-cash transactions:			
Amortization of capital equipment - internally funded	435	738	471
- externally funded	1,685	1,635	1,353
Amortization of facilities and improvements - internally funded	69	248	93
- externally funded	3,251	3,913	2,436
Amortized external capital contributions (Note 9)	(4,936)	(6,138)	(3,789)
Loss (gain) on disposal of capital equipment	-	22	(6)
Write down of capital assets	-	583	-
Changes in non-cash working capital account	(4,815)	(3,640)	4,463
Cash generated from (used by) operations	(4,311)	(3,040)	7,323
Investing activities:			
Purchase of capital assets:			
internally funded	(765)	(830)	(326)
externally funded - equipment (Note 9)	(3,109)	(6,112)	(720)
externally funded - facility and improvements (Note 9)	(3,599)	(1,429)	(19,170)
Proceeds on sale of capital assets	-	-	6
Allocations from non-current cash	3,032	2,558	7,582
Allocations from (to) long term receivable	457	(881)	564
Cash used by investing activities	(3,984)	(6,694)	(12,064)
Financing activities:			
Capital contributions received	3,069	5,864	11,897
Change in non-current deferred contributions	-	-	(3)
Repayment of bank loan	(120)	(120)	(120)
Cash generated from financing activities	2,949	5,744	11,774
Increase in cash and investments	(5,346)	(3,990)	7,033
Cash and investments, beginning of year	13,112	13,112	6,079
Cash and investments, end of year	$ 7,766	$ 9,122	$ 13,112

NORTHERN LIGHTS HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005
(in thousands)

Note 1 Authority, Purpose and Operations

Northern Lights Health Region (the Authority) was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Northern Lights Regional Health Centre
Northwest Health Centre
St. Theresa General Hospital
Rainbow Lake Health Centre
La Crete Health Centre
Paddle Prairie Health Centre
Ft. Vermilion Health Centre
Zama City Nursing Station
La Crete Continuing Care Centre

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 24. Following are the significant accounting policies.

(a) Basis of Presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(iv) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

The Region provides a non-contributory defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at the lower of cost and market value.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities and bank loan approximates their fair value because of the short-term maturity of these items.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost.
Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20-40 Years
Site improvements	20 Years
Building service equipment	20 years
Equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2005	2004
Cash	$8,452	$15,116
Guaranteed investment certificates	454	869
Bonds	1,859	1,328
	$10,765	$17,313
Classified as:		
Current	$9,122	$13,112
Noncurrent	1,643	4,201
	$10,765	$17,313

(i) Guaranteed investment certificates mature September 3rd, 2009, are guaranteed by the Canada Deposit Insurance Corporation and have an average effective yield of 4.13%.

(ii) Fixed-income securities, such as bonds, have an average effective yield of 4.34% per annum based on the market for securities maturing in a year, and 4.52% per annum for securities maturing between one and four years. As at March 31, 2005, the securities have the following maturity structure:

Under 1 year	2.48% to 6.2%
1 to 4 years	3.75% to 5.63%

Non-current cash represents the following

	2005	2004
Externally restricted for capital acquisition	$3,426	$5,103
Less: Capital contributions receivable	(1,788)	(907)
Externally restricted for other purposes	5	5
	$1,643	$4,201

Note 4 Accounts Receivable

Accounts receivable represents the following:

	2005	2004
Patients	$ 1,647	$ 1,109
Other	228	324
	$ 1,875	$ 1,433

Note 5 Capital Contributions Receivable

Capital contributions receivable represents the following:

	2005	2004
Alberta Infrastructure	$ 455	$ -
Regional Shared Health Information Project (RSHIP)	211	-
Northern Lights Regional Health Foundation		907
	1,122	
	$ 1,788	$ 907

Note 6 Capital Assets

Cost

Capital Asset	Opening Balance April 1, 2004	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2005
Land	$ 900	$ -	$ -	$ -	$ 900
Site Improvements	3,882	1,040	-	-	4,922
Buildings	63,606	26,357	34	(403)	89,594
Building Service Equipment	11,638	9,743	-	(420)	20,961
Equipment	20,515	1,957	4,925	(475)	26,922
Construction in Progress	37,092	(39,097)	3,412	-	1,407
	$ 137,633	$ -	$ 8,371	$ (1,298)	$ 144,706

Accumulated Amortization

Capital Asset	Opening Balance April 1, 2004	Current year amortization	Amortization on disposals	Closing Balance March 31, 2005	Net Book Value 2005	Net Book Value 2004
Land	$ -	$ -	$ -	$ -	$ 900	$ 900
Site Improvements	3,726	152		3,878	1,044	156
Buildings	30,531	3,099	(98)	33,532	56,062	33,075
Building Service Equipment	8,878	910	(141)	9,647	11,314	2,760
Equipment	14,232	2,373	(454)	16,151	10,771	6,283
Construction in Progress	-	-	-	-	1,407	37,092
	$ 57,367	$ 6,534	$ (693)	$ 63,208	$ 81,498	$ 80,266

Construction in progress is comprised of the following:

	2005	2004
DI Trauma Room II	$766	$ -
DI Equipment (PACs system)	600	-
Boiler Replacement	31	-
Other	10	29
Northwest Health Centre	-	33,082
Laboratory and medical records renovations	-	3,210
Diagnostic imaging radiology fluoroscopy	-	555
Main floor roof repair	-	216
	$1,407	$37,092

Capital Assets were funded from the following sources:

	2005	2004
Externally funded (unamortized external capital contributions)	$77,832	$76,429
Internally funded (invested in capital assets)	3,666	3,837
	$81,498	$80,266

Note 7 Bank Loan

The bank loan bears interest of prime minus .25% and is secured by a borrowing resolution of the Authority and is due on demand.

Future principal payments are as follows:

For the year ended March 31	
2006	$120
2007	120
2008	120
	$ 360

Note 8 Deferred Capital Contributions

	2005	2004
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 1,513	$ 655
Restricted other government contributions	2,957	11,380
Restricted other contributions	27	9
Donations restricted for capital purposes	1,053	509
Regional Shared Health Information Project contributions	1,889	-
	7,439	12,553
Transferred (to) from:		
Unamortized external capital contributions (Note 9)	(7,541)	(19,890)
Deferred contributions (Schedule 3)	35	(56)
Other government contributions (Note 13)	(1,610)	-
Funding returned to Alberta Health and Wellness	-	(600)
	(9,116)	(20,546)
Change during the year	(1,677)	(7,993)
Balance, beginning of year	5,103	13,096
Balance, end of year	$ 3,426	$ 5,103

Balance at the end of the year is restricted for the following purposes:

	2005	2004
Equipment replacement	$ 65	$ 65
Betterment of capital assets	3,361	3,254
New construction	-	1,784
	$ 3,426	$ 5,103

Note 9 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (a) (ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2005	2004
Balance, beginning of year	$76,429	$ 60,328
Transfers from deferred capital contributions (Note 8)	7,541	19,890
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(1,635)	(1,353)
Amortized external capital contributions: Facilities and Improvements	(3,794)	(2,320)
Amortization - Ancillary operations	(119)	(116)
Amortization on disposals	(590)	-
Balance, end of year	$77,832	$76,429

Note 10 Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases for the following payments:

Year	Amount
2006	$ 6,558
2007	6,473
2008	241
2009	120
2010	109

Note 11 Budget

	2004/05 Approved Budget[1]	Additional Funding[2]	2004/05 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 62,921	$ 3,995	$ 66,916
Other government contributions	708		708
Fees and charges	4,239	58	4,297
Ancillary operations, net	187	-	187
Donations	63	-	63
Investment and other income	861	-	861
Amortized external capital contributions	4,936	-	4,936
TOTAL REVENUE	$ 73,915	$ 4,053	$ 77,968
Expenses			
Facility-based inpatient acute nursing care services	$ 18,526	$ 10	$ 18,536
Facility-based emergency and outpatient services	5,773	(16)	5,757
Facility-based continuing care services	3,477	-	3,477
Community based care	2,408		2,408
Home care	2,630	(6)	2,624
Diagnostic and therapeutic services	14,310	(35)	14,275
Promotion, prevention and protection services	5,417	(1)	5,416
Administration	4,825	(28)	4,797
Information technology	2,676	(41)	2,635
Support services	13,735	(106)	13,629
Amortization of facilities and improvements	4,414	-	4,414
TOTAL EXPENSES	$ 78,191	$ (223)	$ 77,968
Excess (deficiency) of revenue over expense	$ (4,276)	$ 4,276	$ -

(1) The budget was approved by the Board of the Authority on May 14, 2004, and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The board has allocated these additional resources to address funding expectations.

Note 12 Alberta Health and Wellness Contributions

	2005	2004
Unrestricted contributions	$64,726	$58,220
Transfers from deferred contributions (Schedule 3)	2,780	2,135
	$67,506	$60,355

Note 13 Other Government Contributions

	2005	2004
Alberta Government		
Alberta Mental Health Board	$ -	$91
Alberta Infrastructure	1,610	
Fair value of rent less rent charges for non-acute care facilities used by the Authority	62	117
Transfers from deferred contributions (Schedule 3)	651	515
	$2,323	$723

Note 14 Fees and charges

	Inpatient/Resident 2005	Inpatient/Resident 2004	Outpatient 2005	Outpatient 2004
Acute Care				
Out-of-province	$ 1,151	$ 1,186	$ 877	$ 505
Out-of-country base amount	60	5	33	27
WCB standard charges	286	150	1,169	720
Federal	24	10	23	12
Uninsured medical services	3	7	129	25
Uninsured supplies	-	-	19	38
Continuing care standard ward	62	14	-	-
	$ 1,586	$ 1,372	$ 2,250	$ 1,327
Continuing Care				
Continuing care standard ward	-	509	-	-
Continuing care semi-private	88	90	-	-
Continuing care private	928	363	-	-
WCB standard charges	-	29	-	-
	$ 1,016	$ 991	$ -	$ -
Home Care	-	-	73	-
Other	-	-	68	92
Total	$ 2,602	$ 2,363	$ 2,391	$ 1,419

Note 15 Ancillary Operations

	2005						2004
	Non-Patient Food Services	Rental Operations	Sale of Goods and Services	Parking Operations	Other	Total	Total
Revenue							
Revenue	$363	$146	$7	$276	$19	$811	$837
Amortized deferred capital contributions	-	90	-	29	-	119	116
	363	236	7	305	19	930	953
Expenses							
Other expenses	452	181	-	-	178	811	769
Amortization	-	118	-	42	1	161	169
	452	299	-	42	179	972	938
Excess (deficiency) of revenue over expense	($89)	($63)	$7	$263	($160)	($42)	$15

Note 16 Investment and other income

	2005	2004
Investment income	$ 297	$ 390
Other income		
Immunization recoveries	122	126
PCI – Change Management	92	-
Food Permits	53	68
Other recoveries	560	633
	$ 1,124	$ 1,217

Investment income comprises interest, dividends, amortization of premiums and net gains on disposal of investments.

Note 17 Administration

	2005	2004
Administration	$ 885	$ 919
Medical Staff	1,313	756
Board	163	169
Finance	1,104	1,145
Human Resources	1,483	807
Homelessness & Affordable Housing Grant	15	
Patient Safety	44	-
Amortization	60	63
	$5,067	$3,859

Note 18 Support Services

	2005	2004
Building maintenance, operations and security	$ 5,529	$ 4,482
Communications	508	442
Housekeeping	2,202	1,861
Laundry and Linen	662	534
Materials management	1,395	1,237
Patient food services	1,842	1,723
Patient health records	1,788	1,444
Other	1,079	1,072
Amortization	304	320
	$ 15,309	$ 13,115

Note 19 Capital asset write down

During the year the Authority disposed of the operations of the High Level General Hospital, and recorded a write-down of $583 to reduce the facility's carrying value to its fair market value.

Note 20 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(c) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the board of trustees.

Northern Lights Regional Health Foundation

	2005	2004
Total assets	$ 2,978	$ 2,920
Total liabilities	1,866	1,714
Net assets	$ 1,112	$ 1,206
Revenue	$ 1,791	$ 1,480
Expenses(includes contributions to the Authority)	1,885	1,059
Excess (deficiency) of revenue over expenses	$(94)	$ 421

Note 20 Related Parties (continued)

	Contributions received by Health Authority Year ended March 31,		Resources held by Foundation at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$1,510	$717	$719	$1,112

Resources of the Northern Lights Regional Health Foundation amounting to $719 have been restricted by donors for specified programs or equipment of the Northern Lights Health Region.

(d) Northern Peace Foundation

The Authority has an economic interest in the Northern Peace Foundation which was established to support fundraising for the High Level and area health facilities. The foundation is currently being reactivated.

	Contributions received by Health Authority Year ended March 31,		Resources held by Foundation at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Northern Peace Foundation	$ -	$ -	-	$ 17

Administrative support provided to foundations and accounts receivable from the foundations at year-end as follows:

Note 20 Related Parties (continued)

	Administrative Support Year ended March 31,		Accounts Receivable at March 31, 2005	
	2005	2004	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$148	$151	$1,137	-

(e) Voluntary and Private Health Service Operators

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Details are presented in Schedule 4.

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $2,107 for the year ended March 31, 2005 (2004 $1,640).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficiency of $1,288,924 (2003 deficiency - $1,410,987).

The Authority provides a non-contributory defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives of the Region. SERP expense in these financial statements is equal to the Authority's annual contributions payable of $213 for the year ended March 31, 2005.

The Authority provides a supplemental defined contribution pension plan to employees under a collective agreement. The Authority matches employee contributions of up to 2% of regular earnings. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $117 for the year ended March 31, 2005, (2004 $88).

Note 22 Comparative Figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority

Schedule 1

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

	Budget	2005	2004
Salaries and benefits (Schedule 2)	$ 48,269	$48,833	$ 43,269
Contracts with health service operators (Schedule 4)	5,859	5,111	3,627
Drugs and gases	904	1,193	1,058
Medical and surgical supplies	1,412	1,808	1,192
Other contracted services	148	5,949	2,891
Other*	16,586	13,748	12,235
Amortization:			
Capital equipment – internally funded	435	738	471
Capital equipment – externally funded	1,685	1,635	1,353
Facilities and improvements	3,320	4,161	2,529
Capital assets write down – facilities and improvements	-	583	-
	$ 78,618	$ 83,759	$ 68,625
Less amounts reported in ancillary operations (Note 15)	(650)	(972)	(938)
	$ 77,968	$ 82,787	$ 67,687

* Significant component of Other include the following:			
Minor Equipment	$ -	$2,724	$639
Physician Compensation	3,102	2,587	2,299
Utilities	2,112	1,901	1,836
Equipment and Software Maintenance Contracts	1,274	1,309	1,166
Food Supplies	-	632	670
Travel	-	753	514
Recruitment, Relocation and Retention	-	910	416
Other	10,098	2,932	4,695
	$16,586	$ 13,748	$ 12,235

Schedule 2

HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

	2005								2004			
						Severance						
	Number of Individuals[1]	Salaries and Honoraria [2]	Benefits and Allowances[3]	SERP	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits [2][3]	Severance	Total
Health Authority Chairperson - Garner, Scott									1	$ 26		$ 26
Health Authority Chairperson - Nickerson, Ken	1	$ 19			$ 19			$ 19	1	11		11
Arnason, Ron	1	11			11			11	1	16		16
Boyer, Mary	1	9			9			9	1	13		13
MacDonald, Margaret	1	7			7			7	1	12		12
Neufeld, William	1	10			10			10	1	13		13
Hawryliuk, Peter	1	9			9			9	1	12		12
Chonkolay, Cary	1	10			10			10				-
Fitzner, Jeff	1	9			9			9				-
Kennedy, Sylvia	1	7			7			7				-
MacDonald, Cathy	1	6			6			6				-
Slater, Diane	1	4			4			4				-
Dechant, Betty					-			-	1	11		11
Sub-total	11	$ 101	-	-	$ 101	-	-	$ 101	8	$ 114	-	$ 114
Staff												
Chief Executive Officer	1	242	21	159	422			422	1	239		239
Management person(s) reporting to the CEO:												
VP Corporate Services	1	136	19	32	187			187	1	135		135
VP Human Resources	1	19	4		23			23	1	136		136
VP Health Services	3	386	53	22	461			461	3	407		407
Executive Director, Foundation	1	82	13		95			95	1	109		109
Communications Advisor	1	61	12		73			73	1	68		68
Other management person(s) reporting directly to those above:												
Average (2005 - $122, 2004- $106)	13	1,050	168	-	1,218	1	39	1,257	11	1,114		1,114
Regulated nurses not included above												
- RNs, Reg. Psych. nurses, Grad nurses	210	15,315	2,559		17,874			17,874	209	16,734		16,734
Average (2005 - $85, 2004- $80)												
- LPNs	53	2,299	368		2,667			2,667	47	2,182		2,182
Average (2005 - $50, 2004- $46)												
Other health technical and professionals	109	7641	1289		8,930			8,930	106	7546		7,546
Unregulated health service providers	105	3427	588		4,015			4,015	92	3455		3,455
Other staff	273	10818	1910		12,728			12,728	256	11030		11,030
Sub-total	771	41,476	7,004	213	48,693	1	39	48,732	729	43,155	-	43,155
Grand Total	782	$ 41,577	$ 7,004	$ 213	$ 48,794	1	$ 39	$ 48,833	737	$ 43,269	$ -	$ 43,269

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Schedule 2 (continued)

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

1. Full time equivalent (FTE) for each full time employee is determined as follows:

	Annual Hours
Regulated nurses	920.75 - 2,022.75
Other health technical and professionals	1,827.00 - 2,022.75
Unregulated health service providers	1,827.00 - 2,022.75
Other Staff	1,950.00 - 2,186.00

Total actual discrete number of individuals employed was 1,089 as of March 31, 2005 and 1,026 as of March 31, 2004.

2. Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

6. The total amount is reported in Schedule 1.

NORTHERN LIGHTS HEALTH REGION SCHEDULE OF DEFERRED CONTRIBUTIONS FOR THE YEAR ENDED MARCH 31, 2005		Amounts received or receivable					Amounts recognized as revenue					Schedule 3	
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2005
Alberta Health and Wellness:													
Restricted - Young Family Wellness	206	123					152						177
Restricted - YFW - Child & Family Nutrition/ Adolescent Family Life	42	188					153						77
Restricted - Young Family Wellness	200						121						79
Restricted - YFW - Mental Health/ Families First	75	176					146						105
Restricted - Orthopaedic Services	81	(20)					52						9
Restricted - Children's Health Initiative	50	50											100
Restricted - Security of systems		174											174
Restricted - Telehealth Operating	30	40					70						-
Restricted - Nurse Health	233	233					233						233
Restricted - Telehealth	35											35	-
Restricted - ICD 10	15												15
Restricted - Telehome care	79												79
Restricted - Rural on Call	1	274					271						4
Restricted - Specialist -On-Call	356	1,286					1,213						429
Restricted - PCI Transition		100					38						62
Restricted - Ground Ambulance		300					112						188
Restricted - Rainbow Lake Clinical Telehealth		58											58
Restricted - Vaccine Administration		218					218						-
Restricted - Telehome Care		124											124
Restricted - Other	7	1					1						7
Other contributors:													- -
Regional Shared Health Information Program			118										118
Children's Mental Health	66												66
Child & Family Social Services	2		117					119					-
Alberta Cancer Board	11		28					29					10
Environmental Health	26					64					53		37
Lifeline	(3)				22					19			0
Restricted Donation	25				14					13			26
Restricted - Community Homelessness			50					15					35
Student Health Initiative Program			438					438					-
Restricted - AADAC Tobacco Education			44					44					-
PCI Change Management						118					92		26
PCI Change Management HL						50							50
Other	12		9			5		6			4		16
Total 2004/05	1,549	3,325	804	-	36	237	2,780	651	-	32	149	35	2,304

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NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2005

Schedule 3 (continued)

Unspent amounts at year end are as follows:	**2005**	**2004**
Current		
Restricted - Young Family Wellness	177	206
Restricted - YFW - Child & Family Nutrition/	77	42
Restricted - Young Family Wellness	79	200
Restricted - YFW - Mental Health/	105	75
Restricted - Orthopaedic Services	9	81
Restricted - Children's Health Initiative	100	50
Restricted - Security of systems	174	-
Restricted - Telehealth Operating	-	30
Restricted - Nunee Health	233	233
Restricted - Telehealth	-	35
Restricted - ICD 10	15	15
Restricted - Telehome care	79	79
Restricted - Rural on Call	4	1
Restricted - Specialist -On-Call	429	356
Restricted - PCI Transition	62	-
Restricted - Ground Ambulance	188	-
Restricted - Rainbow Lake Clinical Telehealth	58	-
Restricted - Telehome Care	124	-
Restricted - Other	7	7
Regional Shared Health Information Program	118	-
Children's Mental Health	66	66
Child & Family Social Services	-	2
Alberta Cancer Board	10	11
Environmental Health	37	26
Lifeline	-	-3
Restricted Donation	26	25
Restricted - Community Homelessness	35	-
PCI Change Management	26	-
PCI Change Management HL	50	-
Other	16	12
Total	$ 2,304	$ 1,549

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDED MARCH 31, 2005

Schedule 4

Facility name	Direct Region Funding	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Ambulance services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion prevention and protection services	Research and education	Administration	Information Technology	Support services	Total Expenditures
Private															
DKML	4,626	4,626							4,626						4,626
Boates Holdings Ltd.	107	107							107						107
Clearwater Physical Therapy	68	68							68						68
Tundra Physical Therapy	77	77							77						77
Nunee Health Region	233	233					233			-					233
Total 2004/05	$ 5,111	$ 5,111	-	-	-	-	$ 233	-	$ 4,878	-	-	-	-	-	$ 5,111
Total 2003/04	$ 3,627	$ 3,627	-	-	-	-	-	-	$ 3,627	-	-	-	-	-	$ 3,627

Health Board

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2005

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
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Schedule 4 - Schedule of Contract Service Operators

ALBERTA MENTAL HEALTH BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("the Board"). The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has also established a code of conduct that applies to all employees.

The Board carries out its responsibility for the financial statements through the Resources Committee. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the Board for approval. The Auditor General has full and free access to the Resources Committee.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

Ray Block
President & Chief Executive Officer

Steven Ritz, C.A.
Director, Administrative Services

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 13, 2005

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2005
(thousands of dollars)

	2005	2004
ASSETS		
Current:		
Cash (Note 3)	$ 8,455	$ 7,716
Accounts receivable	115	162
Contributions receivable from Alberta Health and Wellness	1,460	745
Prepaid expenses	498	687
	10,528	9,310
Non-current cash (Note 3)	125	523
Capital assets (Note 4)	183	433
TOTAL ASSETS	$ 10,836	$ 10,266
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 725	$ 1,418
Accrued vacation pay	221	175
Deferred contributions (Schedule 3)	833	464
Accrued restructuring costs (Note 17)	-	534
	1,779	2,591
Deferred contributions (Schedule 3)	542	-
Unamortized external capital contributions (Note 6)	115	327
	2,436	2,918
Commitments (Note 7)		
Net assets:		
Unrestricted (Note 8)	6,169	3,263
Internally restricted (Note 8)	2,163	3,979
Accumulated surplus	8,332	7,242
Investment in capital assets from internally funded sources	68	106
	8,400	7,348
TOTAL LIABILITIES AND NET ASSETS	$ 10,836	$ 10,266

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Note 9)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 10)	$ 35,760	$ 35,523	$ 34,918
Other government contributions (Note 11)	272	307	390
Donations	-	-	50
Investment and other income (Note 12)	293	479	930
Amortized external capital contributions (Note 6)	306	197	376
TOTAL REVENUES	36,631	36,506	36,664
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	12,047	12,724	11,513
Facility-based emergency and outpatient services	5,370	4,830	4,621
Community-based care	1,703	1,765	1,634
Diagnostic and therapeutic services	6,691	6,924	6,161
Promotion, prevention and protection services	2,243	1,289	3,407
Research and education	1,980	795	926
Administration (Note 13)	6,368	5,028	4,689
Information technology	1,193	1,013	962
Support services (Note 14)	916	992	862
TOTAL EXPENSES	38,511	35,360	34,775
Excess (deficiency) of revenues over expenses prior to the following items	(1,880)	1,146	1,889
Legal settlement costs (Note 7b)	-	-	450
Restructuring costs (Note 17)	-	94	1,629
Excess (deficiency) of revenues over expenses	$ (1,880)	$ 1,052	$ (190)

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(thousands of dollars)

	2005			2004
	Accumulated Surplus (Note 8)	Investment in capital assets from internally funded sources	Total	Total
Excess (deficiency) of revenues over expenses	$ 1,052	$ -	$ 1,052	$ (190)
Capital assets purchased with internal funds	(17)	17	-	-
Amortization on internally funded capital assets	55	(55)	-	-
Net Change	1,090	(38)	1,052	(190)
Balance at beginning of year	7,242	106	7,348	7,538
Balance at end of year	$ 8,332	$ 68	$ 8,400	$ 7,348

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
MARCH 31, 2005
(thousands of dollars)

	2005	2004
Cash generated from (used by):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ 1,052	$ (190)
Non-cash transactions:		
Amortization of capital equipment - internally funded	55	47
- externally funded	197	376
Amortized external capital contributions (Note 6)	(197)	(376)
Revenue recognized on write-down of externally funded capital equipment (Note 6)	(15)	-
Write-down of capital assets - externally funded	15	-
Change in deferred contributions	911	(461)
Change in non-cash working capital accounts	(1,660)	(15,416)
	358	(16,020)
Investing activities:		
Purchase of capital equipment - internally funded	(17)	(53)
- externally funded (Note 6)	-	(16)
Allocations from non-current cash	398	596
	381	527
Financing activities:		
Capital contributions received, net	-	13
	-	13
Increase (decrease) in cash	739	(15,480)
Cash, beginning of year	7,716	23,196
Cash, end of year	$ 8,455	$ 7,716

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

Note 1 Alberta Mental Health Board, Purpose and Operations

The Alberta Mental Health Board ("the Board") was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). Prior to April 1, 2003, the Board was responsible for delivering appropriate, accessible and affordable mental health services in Alberta.

Effective April 1, 2003, the majority of mental health programs and services were transferred to regional health authorities ("RHAs") on a geographic basis. As a result, the majority of the Board's operating assets and liabilities were transferred to the RHAs effective April 1, 2003.

During the year ended March 31, 2004, the Board retained governance of province-wide services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. The Board also engaged in various planning, advocacy and liaison activities and continued to promote mental health through education and awareness. Restructuring activities and costs were incurred during fiscal 2003, 2004 and 2005 as a result of the transition of mental health programs and services to the RHAs (see Note 17).

Upon release of the Provincial Mental Health Plan, *Advancing the Mental Health Agenda (April 2004)*, during the year ended March 31, 2005, the Board continued its role of advancing mental health for Alberta. In addition to the ongoing province-wide services, the Board is involved in numerous initiatives, including advocacy, policy advice, working with the RHAs and stakeholders in the implementation of the Provincial Mental Health Plan, and collaborating with inter-provincial, national and international partners.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health & Wellness' Financial Directive 24. Following are the significant accounting policies:

(a) Revenue Recognition

These financial statements are prepared using the deferral method, of which the key elements are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Unrestricted investment income is recognized in the year earned.

(v) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The costs of services provided is recorded at fair value. Fair value transactions comprise the following:

(i) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Board's programs.

(ii) The fair value for use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expense.

(iii) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Cash

Cash consists of cash on deposit.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable from Alberta Health and Wellness, prepaid expenses, accounts payable and accrued liabilities, accrued vacation pay, deferred contributions and accrued restructuring costs approximates fair value because of the short-term maturity of these items.

The Board does not have any off-balance sheet financial instruments.

(f) Capital Assets

Capital assets consist of furniture, equipment and a vehicle (collectively "Equipment") and are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed on acquisition.

Equipment is amortized over its estimated useful life of 5 to 15 years on a straight-line basis.

(g) Restructuring Costs (see Note 17)

Expenditures are classified as restructuring costs if they directly relate to the transition of mental health programs and services to the RHAs. If actual costs are unkown, an estimate is recorded.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash

	2005	2004
	(thousands of dollars)	
Total current & non-current cash	$ 8,580	$ 8,239
Classified as:		
Current	$ 8,455	$ 7,716
Non-current	125	523
Total cash	$ 8,580	$ 8,239
Non-current cash represents the following:		
Internally restricted for capital purposes	$ 125	$ 523

Note 4 Capital Assets

Cost
(thousands of dollars)

Capital Asset	Opening Balance Apr-1-04	Additions	Disposals	Closing Balance Mar-31-05
Equipment	$ 5,734	$ 17	$ 4,871	$ 880

Accumulated Amortization
(thousands of dollars)

Opening Balance Apr-1-04	Current year amortization	Amortization on Disposals	Closing Balance Mar-31-05	Net Book Value 2005	Net Book Value 2004
$ 5,301	$ 252	$ 4,856	$ 697	$ 183	$ 433

Capital assets were funded from the following sources:

	2005	2004
	(thousands of dollars)	
Externally funded (*unamortized external capital contributions*)	$ 115	$ 327
Internally funded (*invested in capital assets*)	68	106
	$ 183	$ 433

Note 5 Deferred Capital Contributions

	2005	2004
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ -	$ 16
Transferred to:		
Unamortized external capital contributions (Note 6)	-	(16)
Deferred contributions	-	(3)
	-	(19)
Change during the year	-	(3)
Balance, beginning of year	-	3
Balance, end of year	$ -	$ -

Note 6 Unamortized External Capital Contributions

The Board follows the deferral method of recognizing capital contributions as described in Note 2 (a) (ii). The balance of unamortized external capital contributions at the end of the year represents the external capital contributions to be recognized as revenue in future years.

	2005	2004
	(thousands of dollars)	
Balance, beginning of year	$ 327	$ 687
Transfers from deferred capital contributions (Note 5)	-	16
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	197	376
Write-down of externally funded capital assets	15	-
Balance, end of year	$ 115	$ 327

Note 7 Commitments

(a) Commitments

As part of normal operations, the Board has entered into contracts for forensic psychiatry services, promotion and prevention services and administrative services. The Board also has operating leases for office space.

	Contracts	Leases
	(thousands of dollars)	
For the year ended March 31		
2006	$32,655	$315
2007	-	274
2008	-	271
2009	-	199
2010	-	34

Where the term of a contract does not extend beyond March 31, 2006, the Board's management expects to renew the contract.

(b) Legal Settlement Costs

During the current year, the Board settled an action wherein the plaintiff believed it was owed for providing additional services, allegedly agreed to by the Board, during the construction of the sewage treatment facility at Alberta Hospital Ponoka. The amount of the settlement was $450,000, which was recorded in accrued liabilities as at March 31, 2004 and paid during the current year.

Note 8 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2005	2004
	(thousands of dollars)	
Unrestricted net assets	$ 6,169	$ 3,263
Internally restricted net assets		
Research	1,170	26
Provincial Mental Health Plan	532	
Mental health services and programs	250	2,000
Capital upgrades	125	523
Patient Advocate	86	-
Transition costs	-	597
Sewage treatment facility		550
Mental health and justice initiatives		283
	2,163	3,979
	$ 8,332	$ 7,242

Note 9 Budget

	2004/2005 Approved Budget(1)	Additional Funding(2)	Adjustments(3)	2004/2005 Reported Budget
	(thousands of dollars)			
Revenues				
Alberta Health and Wellness contributions	$ 33,760	$ 2,000	$ -	$ 35,760
Other government contributions	272	-	-	272
Investment and other income	293	-	-	293
Amortization of external capital contributions	306	-	-	306
TOTAL REVENUE	34,631	2,000	-	36,631
Expenses				
Facility based inpatient acute nursing services	12,381	75	(409)	12,047
Facility-based emergency and outpatient services	5,646	21	(297)	5,370
Community-based care	462	3	1,238	1,703
Diagnostic and therapeutic services	4,698	26	1,967	6,691
Promotion, prevention and protection services	2,018	225	-	2,243
Research and education	1,980	-	-	1,980
Administration	5,856	374	138	6,368
Information technology	1,243		(50)	1,193
Support services	3,477	26	(2,587)	916
TOTAL EXPENSES	37,761	750	-	38,511
Excess (deficiency) of revenues over expenses	$ (3,130)	$ 1,250	$ -	$ (1,880)

(1) The 2005 budget was approved by the board of the Alberta Mental Health Board on June 28, 2004 and submitted to the Minister of Health and Wellness.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these resources to address strategic priorities.

(3) Adjustments relate to classification changes to ensure budgeted expenses conform with actual reporting classifications.

Note 10 Alberta Health and Wellness Contributions

	2005	2004
	(thousands of dollars)	
Unrestricted contributions	$ 34,791	$ 34,050
Transfers from deferred contributions (Schedule 3)	732	868
	$ 35,523	$ 34,918

Note 11 Other Government Contributions

	2005	2004
	(thousands of dollars)	
Alberta Government		
Transfers from deferred contributions (Schedule 3)	$ 122	$ 243
Fair value to use non-owned facilities	185	147
	$ 307	$ 390

Note 12 Investment and other income

	2005	2004
	(thousands of dollars)	
Investment income	$ 164	$ 634
Other income	315	296
	$ 479	$ 930

Investment income comprises interest income. Other income primarily comprises cost recoveries.

Note 13 Administration

	2005	2004
	(thousands of dollars)	
General administration	$ 3,565	$ 3,237
Administration - contract service operators (Schedule 4)(1)	1,126	1,045
Finance	287	346
Human resources	50	61
	$ 5,028	$ 4,689

General administration expenses includes costs relating to the following types of activities:

- Promoting and supporting implementation of the made-in-Alberta approach outlined in the Provincial Mental Health Plan, *Advancing the Mental Health Agenda (April 2004)*;
- Bringing a provincial perspective to programming and support for regional mental health service delivery;
- Strengthening advocacy and consumer support;
- Advising on policy; and
- Collaborating with interprovincial, national and international partners.

Note 14 Support services

	2005	2004
	(thousands of dollars)	
Support services - contract service operators (Schedule 4)(1)	$ 675	$ 626
Building maintenance and operations	317	236
	$ 992	$ 862

(1) The cost of contracted services is allocated to the appropriate expense categories as if the Board directly provided the operations. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 15 **Related Parties**

(a) Province of Alberta

The Board is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Board and the Province are disclosed in the financial statements and in the notes to the financial statements.

(b) Health Authorities

The Board shares a common relationship with the RHAs through its relationship with the Province of Alberta. Transactions between the Board and other RHAs are reported in the Statement of Operations and presented in Schedule 4.

(c) Contract Service Operators

The Board contracts with service operators for mental health and justice initiatives and to provide mental health promotion and prevention services in the Province. Details are presented in Schedule 4.

Note 16 **Pension Costs**

The Board participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $186,000 for the year ended March 31, 2005 (2004 - $199,000).

At December 31, 2004, the Local Authorities Pension Plan reported a deficiency of $1,288,924,000 (2003 - $1,453,487,000).

Note 17 **Restructuring Costs**

As a result of the transition of mental health programs and services to the RHAs, restructuring activities and costs were incurred during the year. No amounts were accrued as at March 31, 2005. Accrued restructuring costs of $534,000 as at March 31, 2004 comprise restructuring expenditures relating to the 2004 fiscal year and a provision for restructuring expenditures in the current fiscal year. The restructuring costs included in the Board's statement of operations comprises the following:

Note 17 **Restructuring Costs (continued)**

	2005	2004
	(thousands of dollars)	
Salaries and severance	$ -	$ 566
Professional fees		96
Geographic teams	-	636
Other restructuring expenses	94	331
	$ 94	$ 1,629

Note 18 **Comparative Figures**

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 19 **Approval of Financial Statements**

These financial statements have been approved by the Board.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(thousands of dollars)

	Budget (Note 9)	2005	2004
Salaries and benefits (Schedule 2)	$ 4,073	$ 3,489	$ 3,716
Contracts with health service operators (Schedule 4)	28,818	28,021	28,454
Other contracted services	2,103	1,426	1,745
Other expenses [1]	3,188	2,266	2,516
Amortization of capital equipment:			
- internally funded	23	55	47
- externally funded	306	197	376
	38,511	35,454	36,854
Less amount reported as legal settlement (Note 7b)	-	-	450
Less amounts reported as restructuring costs (Note 17)	-	94	1,629
	$ 38,511	$ 35,360	$ 34,775

[1]Other expenses			
Facility rent	$ 265	$ 317	$ 334
Travel	392	323	251
Administrative services referred out to Capital Health	413	414	518
Miscellaneous[2]	2,118	1,212	1,413
	$ 3,188	$ 2,266	$ 2,516

[2] Includes $580,000 paid to Capital Health, Calgary Health Region and David Thompson Health Region for capital improvements to facilities and information systems agreed to at the time mental health services were transitioned to the RHAs (2004 - $93,000).

Schedule 2

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2005							2004			
					Severance[4]						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-Total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits[2][3]	Severance[4]	Total
Board Compensation											
Board Chairperson											
Reid, John G. (Dr.)	1	$ 15	$ -	$ 15	-	$ -	$ 15	1	$ 16	$ -	$ 16
Board Members											
Desbarats, Susan	1	2	-	2	-	-	2	1	5	-	5
Laforce-Fertig, Louise	1	3	-	3	-	-	3	1	2	-	2
Marrie, Thomas J. (Dr.)	1	2	-	2	-	-	2	1	1	-	1
Mikkelsen, David	1	5	-	5	-	-	5	1	3	-	3
Preston, Jerry	1	4	-	4	-	-	4	1	3	-	3
Steinhauer, Sharon	1	2	-	2	-	-	2	1	3	-	3
Total honoraria	7	33	-	33	-	-	33	7	33	-	33
Staff											
Mental Health Patient Advocate Office	2.48	195	30	225	-	-	225	-	-	-	-
Chief Executive Officer[5]	1.00	198	15	213	-	-	213	1.00	215	-	215
Management persons reporting to the CEO											
Clinical/Medical Advisor	0.13	44	2	46	-	-	46	1.00	310	443	753
Executive Director, Programs & Research	1.00	163	14	177	-	-	177	1.00	143	-	143
Executive Director, Planning, Advocacy & Liaison	0.22	26	3	29	-	-	29	1.00	147	-	147
Executive Director, Monitoring & Evaluation	-	-	-	-	-	-	-	0.76	108	-	108
Executive Director, Advocacy, Innovation & Monitoring	0.31	48	7	55	-	-	55	-	-	-	-
Other management persons reporting directly to those above	8.97	853	136	989	-	-	989	6.42	654	-	654
Other management	2.78	208	25	233	-	-	233	3.81	335	-	335
Other staff	22.38	1,246	243	1,489	-	-	1,489	21.29	1,328	-	1,328
Total staff	39.27	2,981	475	3,456	-	-	3,456	36.28	3,240	443	3,683
Total	46.27	$ 3,014	$ 475	$ 3,489	-	$ -	$ 3,489	43.28	$ 3,273	$ 443	$ 3,716

See accompanying information on the following page.

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS, FOR THE YEAR ENDED MARCH 31, 2005

1. Full time equivalent (FTE) is determined at the rate of 2,023 annual hours for each full-time employee. Total actual discrete number of individuals employed: 53 (2004 - 66)

2. Salaries include regular base pay, lump sum payments, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long and short-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

5. The Chief Executive Officer is provided with an automobile; no dollar amount in respect of automobile costs is included under benefits and allowances.

Schedule of Deferred Contributions (thousands of dollars)		Amounts received or receivable			Amounts recognized as revenue			Schedule 3
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other Government Contributions	Donors	Alberta Health and Wellness	Other Government Contributions	Donors	Closing Balance March 31, 2005
Alberta Health & Wellness:								
Aboriginal Youth Suicide Prevention	$ 400	$ 650	$ -	$ -	$ 141	$ -	$ -	$ 909
Telemental Health Clinical	47	415	-	-	153	-	-	309
Security Compliance Upgrade	-	157	-	-	-	-	-	157
Telemental Health Psychiatrists	-	310	-	-	310	-	-	-
Homefront	-	120	-	-	120	-	-	-
Forensics Diversion	8	-	-	-	8	-	-	-
Other Contributors:								
Alberta Infrastructure	2	-	-	-	-	2	-	-
Donations	7	-	-	-	-	-	7	-
Alberta Justice	-	-	120	-		120	-	-
Total 2004/05	$ 464	$ 1,652	$ 120	$ -	$ 732	$ 122	$ 7	$ 1,375

Unspent amounts at year end are as follows:

	2005	2004
	(thousands of dollars)	
Current		
Aboriginal Youth Suicide Prevention	$ 506	$ 400
Telemental Health Clinical	170	47
Security Compliance Upgrade	157	-
Forensics Diversion	-	8
Donations	-	7
Alberta Infrastructure	-	2
	833	464
Non-Current		
Aboriginal Youth Suicide Prevention	403	-
Telemental Health Clinical	139	-
	542	-
Total	$ 1,375	$ 464

SCHEDULE OF CONTRACT SERVICE OPERATORS
(thousands of dollars)

Schedule 4

	Direct Region Funding	Facility-based inpatient acute nursing services	Facility-based emergency & outpatient services	Community - based care	Diagnostic & Therapeutic Services	Promotion prevention & protection services	Research and education	Administration	Information technology	Support services	Restructuring	Total Expenditures
A. Health Authorities												
Calgary Health Region - Forensics	$ 6,924	$ 3,320	$ 874	$ 471	$ 1,777	$ -	$ -	$ 301	$ -	$ 181	$ -	$ 6,924
Calgary Health Region - Other	50	-	38	-	-	12	-	-	-	-	-	50
Capital Health - Forensics	18,582	8,909	2,345	1,265	4,769	-	-	809	-	485	-	18,582
Capital Health - Other	770	-	25	-	-	8	290	-	447	-	-	770
Other Regional Health Authorities	590	-	284	-	270	36	-	-	-	-	-	590
B. Other Contract Service Operators												
Canadian Mental Health Association	507	-	-	-	-	507	-	-	-	-	-	507
Other agencies & service providers	598	156	41	22	84	270	-	16	-	9	-	598
Total 2004/05	**$ 28,021**	**$ 12,385**	**$ 3,607**	**$ 1,758**	**$ 6,900**	**$ 833**	**$ 290**	**$ 1,126**	**$ 447**	**$ 675**	**$ -**	**$ 28,021**
Total 2003/04	**$ 28,454**	**$ 11,375**	**$ 4,046**	**$ 1,616**	**$ 6,090**	**$ 2,908**	**$ 290**	**$ 1,045**	**$ 448**	**$ 626**	**$ 10**	**$ 28,454**

Alberta Cancer Board

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2005

Statement of Management responsibility

Statement of Financial position

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Schedule 2 - Schedule of salaries and benefits

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ALBERTA CANCER BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2005

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has established a code of ethics and corporate directives, which include communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

Dr. Jean-Michel Turc
President and Chief Executive Officer

Aslam Bhatti
Chief Financial Officer

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Cancer Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 30, 2005

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2005
(in thousands)

	2005 Actual	2004 Actual
ASSETS		
Current		
Cash and investments (Note 3)	$ 20,427	$ 8,480
Accounts receivable	7,191	9,003
Contributions receivable from Alberta Health and Wellness	4,075	2,060
Inventories	6,098	4,508
Prepaid expenses	861	594
	38,652	24,654
Non-current cash and investments (Note 3)	39,198	33,301
Capital assets (Note 4)	135,679	134,761
TOTAL ASSETS	$ 213,529	$ 192,716
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 25,674	$ 26,042
Accrued vacation pay	5,927	4,736
Deferred contributions (Schedule 3)	21,061	14,507
	52,662	45,285
Deferred capital contributions (Note 5)	12,928	4,212
Unamortized external capital contributions (Note 6)	118,884	119,693
	184,474	169,190
Net assets		
Accumulated surplus	1,348	68
Internal restricted funds (Note 7)	10,912	8,390
Investment in capital assets	16,795	15,068
Operating net assets	29,055	23,526
Commitments and Contingencies (Note 8)		
TOTAL LIABILITIES AND NET ASSETS	$ 213,529	$ 192,716

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
March 31, 2005
(in thousands)

	2005		2004
	Budget (Note 9)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 10)	$ 195,137	$ 194,727	$ 166,913
Other government contributions (Note 11)	1,480	3,536	661
Fees and charges (Note 12)	3,700	5,244	4,500
Ancillary operations, net (Note 13)	540	739	421
Donations	4,500	2,541	4,517
Investment and other income (Note 14)	28,393	26,466	27,751
Amortized external capital contributions (Note 6)	12,776	13,069	12,055
TOTAL REVENUE	246,526	246,322	216,818
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	12,926	13,351	12,827
Facility-based emergency and outpatient services	67,420	66,275	58,759
Community-based care	32,096	25,759	21,921
Diagnostic and therapeutic services	56,960	57,100	54,249
Promotion, prevention and protection services	10,177	9,927	9,153
Research and education	27,990	23,624	24,286
Administration (Note 15)	7,422	8,123	5,812
Information technology	7,506	8,954	7,133
Support services (Note 16)	24,662	22,921	21,033
Amortization of facilities and improvements	4,567	4,724	4,495
TOTAL EXPENSES	251,726	240,758	219,668
Excess (deficiency) of revenue over expense	$ (5,200)	$ 5,564	$ (2,850)

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005
(in thousands)

	2005			2004
	Accumulated surplus (Note 7)	Investment in capital assets from internally funded sources	Total	Total
Excess of revenue over expense	$ 5,564	$ -	$ 5,564	$ (2,850)
Capital assets purchased with internal funds	(4,856)	4,856		
Amortization on internally funded capital assets	3,094	(3,094)		
Transfer to external contributions (Note 6)		(35)	(35)	(6)
Net change	3,802	1,727	5,529	(2,856)
Balance at beginning of year	8,458	15,068	23,526	26,382
Balance at end of year	$ 12,260	$ 16,795	$ 29,055	$ 23,526

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
March 31, 2005
(in thousands)

	2005		2004
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (5,200)	$ 5,564	$ (2,850)
Non-cash transactions:			
Amortization of capital equipment - internally funded	3,518	3,094	3,067
- externally funded	8,222	8,534	7,574
Amortization of facilities and improvements	4,744	4,724	4,671
Amortized external capital contributions (Note 6)	(12,966)	(13,258)	(12,245)
Loss on disposal of capital equipment	-	20	-
Gain on sale of investments	-	-	(2,985)
Changes in non-cash working capital account	(3,430)	5,317	10,842
Cash generated from (used by) operations	(5,112)	13,995	8,074
Investing activities:			
Purchase of investments	(40,000)	(13,153)	(43,899)
Purchase of capital assets			
internally funded	(3,418)	(4,871)	(3,357)
externally funded - equipment (Note 6)	(12,221)	(9,197)	(11,291)
externally funded - facility and improvements (Note 6)	(5,494)	(3,222)	(1,385)
Proceeds on sale of investments	40,000	11,722	43,141
Cash used by investing activities	(21,133)	(18,721)	(16,791)
Financing activities:			
Capital contributions received	21,727	21,130	11,494
Change in non-current cash	(2,200)	(4,466)	(393)
Cash generated from financing activities	19,527	16,664	11,101
Increase (decrease) in cash and investments	(6,718)	11,938	2,384
Cash and investments, beginning of year	8,489	8,489	6,105
Cash and investments, end of year	$ 1,771	$ 20,427	$ 8,489

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005
(in thousands)

Note 1 Authority, purpose and operations

The Alberta Cancer Board (the Board) was initially established in 1967 and now operates under the authority of the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from the payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The operations of the Board include the following facilities and sites:

Cross Cancer Institute – Edmonton
Tom Baker Cancer Centre – Calgary
Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
Community Cancer Centers – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
Breast screening sites – Edmonton and Calgary – plus three mobile vans
Edmonton Radio-pharmaceutical Centre – Edmonton
Southern Alberta Cancer Research Centre – Calgary

The financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation or the Cross Cancer Institute Volunteer Association except as disclosed in Note 17.

Note 2 Significant accounting policies and reporting practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 24. Following are the significant accounting policies:

(a) Basis of presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant accounting policies and reporting practices (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee future benefits

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

Note 2 Significant accounting policies and reporting practices (continued)

The Board provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Board. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate and management's best estimate of expected costs and the period of benefit coverage. Prior service costs of the benefit obligation are amortized over the average remaining service life of the group.

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial instruments

The carrying value of accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values because of the short-term maturity of these items. The fair value of cash and investments is disclosed in note 3.

(f) Inventories

Inventories are valued at the lower of cost *(moving cost average)* or net realizable value.

(g) Capital assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Building service equipment	20 years
Parkade	30 years
Equipment excluding Information Systems (IS)	5-20 years
IS equipment	5 years
IS software and licenses	5 years or term

Note 2 Significant accounting policies and reporting practices (continued)

Construction projects in progress are not amortized until the project is complete.

Land and the artwork collection are not amortized.

(h) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and investments

Cash and investments	2005 Cost	Fair value	2004 Cost	Fair value
Cash on deposit	$ (381)	$ (381)	$ 1,291	$ 1,291
CCITF - operations	20,808	20,808	7,198	7,198
CCITF – capital (non current)	6,525	6,525	2,059	2,059
	26,952	26,952	10,548	10,548
Money market securities	1,185	1,185	1,377	1,377
Fixed income securities:				
Canadian federal and provincial government bonds	8,704	8,946	7,058	7,219
corporate bonds and debentures	7,950	7,920	8,486	8,641
Canadian equities	14,834	19,064	14,321	15,039
	32,673	37,115	31,242	32,276
Total current and non-current cash and investments	59,625	64,067	41,790	42,824
Classified as:				
Current	20,427	20,427	8,489	8,489
Non current	39,198	43,640	33,301	34,335
Total cash and investments	$ 59,625	$ 64,067	$ 41,790	$ 42,824

(i) The Consolidation Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2005 was 2.43% (March 31, 2004 - 3.0%).

Note 3 Cash and investments (continued)

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed-income instruments and 45% to 55% for equities. Risk is also reduced through diversification.

(iii) Fixed-income securities have an average effective yield 5.4% (2004 - 5.4%) per annum for securities maturing between 1 and 29 years. As at March 31, 2005 the securities have the following maturity structure:

	%
Under 1 year	49%
1 to 5 years	14%
5 to 10 years	26%
Over 10 years	11%
	100%

(iv) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following

	2005	2004
Externally restricted for capital acquisitions (Note 5)	$ 12,928	$ 4,212
Internally restricted for Board's reserves (Note 7)	10,912	8,390
Unrestricted non-current investments	15,358	20,699
	$ 39,198	$ 33,301

Note 4 Capital assets

Capital asset	Cost Opening balance April 1, 2004	Transfers from work in progress	Additions	Disposals	Closing balance March 31, 2005
Land	$ 4,556	$ -	$ -	$ -	$ 4,556
Art	141	-	5	-	146
Buildings	83,144	2,291	1,113	-	86,548
Building service equipment	38,754	-	321	-	39,075
Parkade	5,507	-	-	-	5,507
Equipment excluding IS	87,541	7,976	9,277	(1,253)	103,541
IS equipment	15,214	100	3,613	(609)	18,318
Construction in progress	2,492	(2,291)	865	-	1,066
Deposits on equipment	10,923	(8,076)	1,337	-	4,184
IS software and licences	7,447	-	765	-	8,212
	$ 255,719	$ -	$ 17,296	$ (1,862)	$ 271,153

Note 4 Capital assets (continued)

Capital asset	Accumulated amortization				Net book value	
	Opening balance April 1, 2004	Current year amortization	Amortization on disposals	Closing balance March 31, 2005	2005	2004
Land	$	$	$	$ -	$ 4,556	$ 4,556
Art	-	-	-	-	146	141
Buildings	36,066	3,113	-	39,179	47,369	47,078
Building service equipment	22,830	1,624	-	24,454	14,621	15,924
Parkade	2,664	189	-	2,853	2,654	2,843
Equipment excluding IS	46,550	7,941	(1,243)	53,248	50,293	40,977
IS equipment	9,954	2,213	(595)	11,572	6,746	5,275
Construction in progress	-	-	-	-	1,066	2,492
Deposits on equipment	-	-	-	-	4,184	10,922
IS software and licences	2,894	1,274	-	4,168	4,044	4,553
	$ 120,958	$ 16,354	$ (1,838)	$ 135,474	$ 135,679	$ 134,761

(a) Land and buildings

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date.

In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Alberta Cancer Board. The appraised value of the building at the time of transfer was $5,620. The Board entered into a long-term lease of the Centre to Capital Health for a nominal rent and accordingly, the building has been recorded at nominal value.

In July, 1989, the Board and the University of Alberta jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Capital assets were funded from the following sources:

	2005	2004
Externally funded (unamortized external capital contributions)	$118,884	$119,693
Internally funded (invested in capital assets)	16,795	15,068
	$135,679	$134,761

Note 5 Deferred capital contributions

	2005	2004
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 8,803	$ 1,865
Restricted other government contributions	7,746	2,205
Donations restricted for capital purposes	3,453	1,803
Other capital contributions	2,521	7,048
	22,523	12,921
Transferred to:		
Unamortized external capital contributions (Note 6)	(12,419)	(12,676)
Operating revenue, amounts used for minor capital contributions	(1,388)	(1,427)
Change during the year	8,716	(1,182)
Balance, beginning of year	4,212	5,394
Balance, end of year	$ 12,928	$ 4,212

Balance at the end of the year is restricted for the following purposes:

	2005	2004
Equipment replacement	$ 5,316	$ 438
Betterment of capital assets	4,155	2,948
New equipment - Centre for Biological Imaging and Adaptive Radiotherapy	876	826
Information Systems	2,581	
	$ 12,928	$ 4,212

Note 6 **Unamortized external capital contributions**

The region follows the deferral method of recognizing capital contributions as described in Note 2 (a)(ii). The balance of Unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2005	2004
Balance, beginning of year	$ 119,693	$ 119,256
Transfers from deferred capital contributions (Note 5)	12,419	12,676
Transfer from internal equity	35	6
Less net book value of disposals	(5)	-
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(8,157)	(7,574)
Amortized external capital contributions: Fac. & improvements	(4,912)	(4,481)
Amortization - Ancillary operations	(189)	(190)
Balance, end of year	$ 118,884	$ 119,693

Note 7 **Net assets**

The Board's net assets comprise the following:

	2005	2004
Unrestricted net assets	$ 1,348	$ 68
Internally restricted funds		
Future equipment replacement and IT upgrades	4,681	4,112
Research reserve	378	2,479
Edmonton Radio-Pharmaceutical Centre	2,353	1,799
Breast Centre	1,500	
Prostate Centre	1,000	
Clinical reserve	1,000	
	10,912	8,390
	$ 12,260	$ 8,458

Note 8 **Commitments and contingencies**

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2006	$ 772
2007	901
2008	763
2009	638
2010	550
Thereafter	641
	$ 4,265

b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2005. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2005.

Note 9 Budget

	2004/05 Approved Budget[1]	Additional Funding[2]	2004/05 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 183,444	$ 11,693	$ 195,137
Other government contributions	1,480	-	1,480
Fees and charges	3,700	-	3,700
Ancillary operations, net	540	-	540
Donations	4,500	-	4,500
Investment and other income	28,393	-	28,393
Amortized external capital contributions	12,776	-	12,776
TOTAL REVENUE	234,833	11,693	246,526
Expenses			
Facility-based inpatient acute nursing services	12,946	(20)	12,926
Facility-based emergency and outpatient services	67,506	(86)	67,420
Community-based care	32,146	(50)	32,096
Diagnostic and therapeutic services	57,610	(650)	56,960
Promotion, prevention and protection services	10,477	(300)	10,177
Research and education	28,420	(430)	27,990
Administration	7,262	160	7,422
Information technology	7,757	(251)	7,506
Support services	24,907	(245)	24,662
Amortization of facilities and improvements	4,567	-	4,567
TOTAL EXPENSES	253,598	(1,872)	251,726
Excess (deficiency) of revenue over expense	$ (18,765)	$ 13,565	$ (5,200)

(1) The budget was approved by the Board on May 12th, 2004, and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

Note 10 Alberta Health and Wellness contributions

	2005	2004
Unrestricted contributions	$ 191,496	$ 160,910
Transfers from deferred contributions (Schedule 3)	3,231	6,003
	$ 194,727	$ 166,913

Note 11 Other government contributions

	2005	2004
Alberta Government		
Transfers from deferred contributions (Schedule 3)	$ 85	$ 131
Federal Government	3,451	530
	$ 3,536	$ 661

Note 12 Fees and charges

	Inpatient		Outpatient	
	2004/05	2003/04	2004/05	2003/04
Acute Care				
Out-of-province	$ 1,000	$ 1,175	$ 3,020	$ 2,447
Out-of-country base amount	46		51	50
Out of country surcharge	14		36	34
WCB standard charges	33	43	252	61
Federal	37	47	101	124
Uninsured drugs		8	654	511
Total	$ 1,130	$ 1,273	$ 4,114	$ 3,227

Note 13 Ancillary operations

	2005				2004
	Non-patient food services	Parking operations	Edmonton Radiopharm-aceutical Centre	Total	Total
Revenue					
Revenue	$ 1,146	$ 755	$ 4,100	$ 6,001	$ 4,990
Amortized deferred capital contributions	1	188	-	189	190
	1,147	943	4,100	6,190	5,180
Expenses					
Other expenses	1,142	574	3,505	5,221	4,537
Amortization	1	189	40	230	222
	1,143	763	3,545	5,451	4,759
Excess of revenue over expense	$ 4	$ 180	$ 555	$ 739	$ 421

Note 14 Investment and other income

	2005	2004
Investment income	$ 1,654	$ 4,123
Restricted research and operating grants	10,672	10,997
Drug rebates and other recoveries	10,384	8,791
Calgary Health Region Contribution - Bone Marrow Transplant Program	3,756	3,840
	$ 26,466	$ 27,751

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Note 15 Administration

	2005	2004
General Administration	$ 6,134	$ 4,344
Finance	481	412
Human Resources	1,508	1,056
	$ 8,123	$ 5,812

Note 16 Support services

	2005	2004
Medical Physics	$ 7,764	$ 6,709
Building maintenance, operations and security	6,861	6,567
Patient health records	4,083	3,669
Housekeeping	1,607	1,568
Materials management	996	951
Education	554	598
Volunteer Services	458	420
Laundry and linen	456	428
Patient representative	142	123
	$ 22,921	$ 21,033

Note 17 Related parties

(a) Province of Alberta

The Board is established under the Cancer Programs Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Board and the Province are disclosed in the Statement of Operations and in notes to the financial statements.

(b) Health Authorities

The Board shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Board and other Health Authorities are reported in the Statement of Operations.

(c) Alberta Cancer Foundation

The Board controls the Alberta Cancer Foundation which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

The Alberta Cancer Foundation is not consolidated in these statements. Audited financial statements of the Foundation are available upon request. A Financial summary of the Alberta Cancer Foundation as at March 31, 2005 and 2004 and for the years then ended is as follows:

Note 17 Related parties (continued)

Alberta Cancer Foundation

	2005	2004
Total assets	$ 48,840	$ 44,325
Total liabilities	(5,966)	(3,710)
Net assets	42,874	40,615
Revenue	9,191	8,382
Expenses	7,265	7,377
Excess of revenue over expenses	$ 1,926	$ 1,005

Contributions received by the Board Year ended March 31,		Resources held by Foundation at March 31, 2005	
2005	2004	Externally restricted	Unrestricted
$6,068	$6,019	$20,265	$22,529

(d) Cross Cancer Institute Volunteer Association

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives (see note 1).

Note 17 Related parties (continued)

Cross Cancer Institute Volunteer Association

	2005	2004
Total assets	$ 287	$ 333
Total liabilities	(32)	(156)
Net assets	$ 255	$ 177
Revenue	$ 385	$ 344
Expenses	307	327
Excess of revenue over expenses	$ 78	$ 17

Note 18 Trust funds

The Board receives funds in trust for conferences, etc. These amounts are not reported in the statements. During the year the Board received $273 and disbursed $132. The balance held by the Board is $369.

Note 19 Pension costs

The Board participates in the Public Service Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $4,416 for the year ended March 31, 2005 (2004 $3,356).

At December 31, 2004, the Public Service Pension Plan reported an estimated actuarial deficit of $450,000 (2004 $596,213).

On April 1, 2004 the Board started a non-contributing defined benefit Supplemental Executive Retirement Plan (SERP) for senior executives. At March 31, 2005 the unfunded liability on this Plan was estimated to be $1,275, assuming a discount rate of 6% at April 1, 2004, 4% salary increases and a retirement age of 65.

The plan has recognized the immediate cost of prior service ($888) which it is amortizing over the expected average remaining service of the active employees and contractors (8 years at April 1, 2004). Of this amount $111 was expensed this year, leaving $777 unamortized. In addition, the 2004/05 service and interest costs amounted to $190. The net liability of the plan ($498) is included in accounts payable and accrued liabilities.

An actuarial valuation of this plan is in progress.

Note 20 Comparative figures

Certain 2004 figures have been reclassified and restated to conform to the 2005 presentation.

Note 21 Approval of financial statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2005

(in thousands)

	Budget	2005	2004
Salaries and Benefits (Schedule 2)	$ 104,359	$ 90,170	$ 84,928
Drugs and gases	58,874	55,572	48,902
Medical and surgical supplies	2,601	2,917	2,627
Other contracted services	27,286	31,321	27,317
Referred out Services	19,422	18,280	16,829
Supplies	12,127	13,264	11,852
Equipment and IT Maintenance	5,418	5,333	5,439
Other	9,173	13,000	11,221
Amortization			
Capital equipment - internally funded	3,518	3,094	3,067
Capital equipment - externally funded	8,222	8,534	7,574
Facilities and improvements	4,744	4,724	4,671
	255,744	246,209	224,427
Less amounts reported in ancillary operations (Note 13)	4,018	5,451	4,759
	$ 251,726	$ 240,758	$ 219,668

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005
(in thousands)

	2005							2004			
					Severance [4]						
	FTE'S[1]	Salaries and Honoraria [2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits [2+3]	Severance [4]	Total
Board Chairperson				-			-				-
Gary Gamphell		$ 39		$ 39			$ 39		$ 35		$ 35
Board members				-			-				-
Jean Agrios		3		3			3		1		1
Fred Dibben		4		4			4		3		3
Gordon Ganong		6		6			6		6		6
Elizabeth Hall-Petry		-		-			-		8		8
Jack Halpin		22		22			22		11		11
Allan Hargreaves		6		6			6		6		6
Patricia Jones		9		9			9		8		8
Richard Melchin		4		4			4		4		4
Irene Nicolson		8		8			8		8		8
Brian Rogers		8		8			8		8		8
Bronwyn Shoush		4		4			4		5		5
Sub-total	0	113	-	113	-	-	113	0	103	-	103
Staff											
Chief Executive Officer [5,6]	1	364	16	380			380	1	416		416
Management person(s) reporting to the CEO:											-
VP (Operations) [6]	1	231	13	244			244	0.67	173		173
VP (Research) [6]	0.60	90	1	91			91	0.60	91		91
VP (Population Health Information) [6]	1	336	16	352			352	1	328		328
VP (Tom Baker Cancer Centre) [6]	0.75	254	15	269			269	0	-		-
Supplemental Executive Retirement Plan (SERP) [6]	-	-	216	216			216	0	-		-
Other management	236	13,914	2,098	16,012	3	101	16,113	239	14,813	69	14,882
Medical doctors not included above	19	4,279	390	4,669			4,669	18	4,464	-	4,464
Regulated nurses not included above*											-
- RNs, Reg. Psych. nurses, Grad nurses	236	16,478	2,639	19,117			19,117	231	17,576	-	17,576
Other health technical and professionals	410	26,292	4,301	30,593			30,593	395	28,812	46	28,858
Unregulated health service providers				-			-	-	-	-	-
Other staff	454	15,413	2,572	17,985	1	28	18,013	423	17,979	58	18,037
Sub-total	1,359	77,651	12,277	89,928	4	129	90,057	1,309	84,652	173	84,825
Grand Total	1,359	$ 77,764	$ 12,277	$ 90,041	$ 4	$ 129	$ 90,170	1,309	$ 84,755	$ 173	$ 84,928

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2005

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,032 (2004 1,936)

'Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

(6) A Supplemental Executive Retirement Plan was established April 1st, 2004.

a. The Current Year Costs of the plan were:

	Service Costs	Interest Costs
Chief Executive Officer	$47	$16
VP Operations	11	1
VP Population Health Information	29	10
VP Tom Baker Cancer Centre	33	2
	$120	$29

b. The Annual amortized cost of the prior service liability amounted to:

	Prior Service Costs
Chief Executive Officer	$56
VP Operations	1
VP Population Health Information	10
VP Tom Baker Cancer Centre	-
	$67

ALBERTA CANCER BOARD
SCHEDULE OF DEFERRED CONTRIBUTIONS
(in thousands)

Schedule 3

		Amounts received or receivable					Amounts recognized as revenue						
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2005
Opening Balance April 1, 2004	$ 14,507	$ 2,387	$ 30	$ 1,799	$ -	$ 10,291							
		Amounts received or receivable											
Alberta Health and Wellness:													
Research Initiative program	$ 776	-					$ 776						$ -
AFP Dev. & Financial review	134						5						129
Information Security Compliance	104	254											358
System Transitions	189						189						-
Telehealth funding	182	241					261						162
Breast Screening- marketing	205												205
Cervical Screening	454	2,010				113	1,657				114		806
Locums	215						215						-
Cancer genetics	78						78						-
Aboriginal Cancer Awareness	50						50						-
Provincial Breast Screening		2,000											2,000
Colorectal Cancer Screening		100											100
Virtual learning clinic		250											250
Telehealth lung		210											210
													-
Other contributors:													-
AADAC	30		195					85					140
Alberta Cancer Fd. Donations	1,799				5,748	119				2,538			5,128
Research grants from funding agencies	3,379		1,262			3,239		1,262			2,834		3,784
Clinical Trials sponsored by	5,279					4,868					4,539		5,608
Federal government: Pallium project	-		2,189					2,189					-
Other restricted grants	1,633					1,129					581		2,181
Total 2004/05	$ 14,507	$ 5,065	$ 3,646	$ -	$5,748	$ 9,468	$ 3,231	$ 3,536	$ -	$ 2,538	$ 8,068		$21,061

Unspent amounts at year end are as follows:	2005	2004
Current	$ 21,061	$ 14,507
Non-current		

Alphabetical List of Government Entities' Financial Statements in Ministry 2004/2005 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	Children's Services
Credit Union Deposit Guarantee Corporation	Finance

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Advanced Education[1]	Advanced Education
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure and Transportation[1]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science

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[1] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of International and Intergovernmental Relations Relations	International and Intergovernmental
Ministry of Justice	Justice
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Restructuring and Government Efficiency	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

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[1] Ministry includes only the department so separate department financial statements are not necessary

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Post Secondary Institutions	Advance Education
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Education
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment